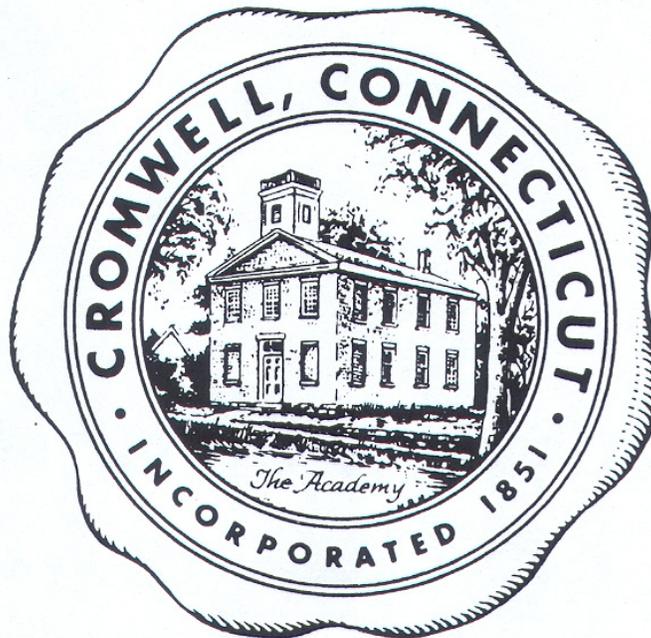


Town of Cromwell, Connecticut



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**TOWN OF CROMWELL,
CONNECTICUT**

Fiscal Year Ended June 30, 2015

Prepared by:

**Finance Department
Marianne Sylvester
Finance Director**

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Introductory Section



Town of Cromwell

NATHANIEL WHITE BUILDING
41 WEST STREET
CROMWELL, CONNECTICUT 06416

December 8, 2015

Mr. Anthony J. Salvatore, Sr.
Town Manager
Town of Cromwell, Connecticut

The Comprehensive Annual Financial Report (CAFR) of the Town of Cromwell for the fiscal year ended June 30, 2015 is hereby submitted. The purpose of this report is to provide citizens, board members, investors, grantor agencies and other interested parties with reliable information about the Town of Cromwell. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. The intent is to provide reasonable assurance that the financial statements are free of any material misstatements.

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-Profit Organizations. The Town is also required to undergo a Single Audit under Public Act 91-401 of the State of Connecticut. Information related to these single audits will be issued separately.

RSM US LLP, have issued an unmodified ("clean") opinion on the Town of Cromwell's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follow the independent auditor's report and provides a narrative overview of the basic financial statements. The MD&A is intended to complement this transmittal letter and should be read in conjunction with it.

This report includes all of the funds and accounts of the Town. It includes all activities controlled or dependent on the Town, which are identified as general, special revenue, capital project, trust and agency fund. The Cromwell Board of Education (grades K through 12) and the Cromwell Water Pollution Control Authority are considered departments of the Town and therefore, these activities are included in this report. The Cromwell Fire/Water District and the Mattabassett District are governmental entities having operations within the Town, but are separate legal entities. Their operations have therefore not been included in the Town's financial statements.

The Town provides a full range of municipal services including public safety (police, animal control and civil preparedness), public works (roads, building and grounds, solid waste management, engineering, motor pool and building inspections), health, sanitation, zoning compliance, senior citizen services, youth services, social services, recreation, library, education and schools and general government administrative service. As a separate legal entity, the Cromwell Fire District provides fire, ambulance and water services.

Economic Condition and Outlook

The Town comprises 13.5 square miles in the approximate geographical center of the State. It is 14 miles south of Hartford and 28 miles northeast of New Haven. The Connecticut River forms the eastern boundary of the Town. A major north/south highway, Interstate 91, with two Cromwell exits, runs through the Town. Also, Connecticut Routes 99, 372 and 3 bisect the Town. The Central Connecticut Expressway (Route 9) also enhances the Town's location as it connects I-95 in Old Saybrook, I-91 in Cromwell and I-84, the State's major east/west highway, in New Britain. Given the Town's location and accessibility to major roadways, the Town contributes a great deal of its residents to the area's labor force. On June 30, 2015, 95.5% of the Town's available labor force was employed. This compares favorably to the area and the State rate of 94.5%. The Town's per capita income was \$38,463 and its median household income was \$80,134, as reported by in the State of Connecticut Fiscal Indicators report and the Connecticut Economic Resource Center (CERC).

The Town's position as a residential community is illustrated by the fact that approximately 67.6% of the October 2013 grand list was residential. The percentage of the 2012 grand list was 67.9%. Permits for twenty-one new residential units were issued this year compared to twenty-nine in 2014. In the last ten years, the average number of new units per year is 34. The Town has several subdivisions in various stages of completion. Thirteen out of fifteen residential subdivisions are 50% or more complete.

As a percentage of the grand list, industrial and commercial property values are at 17.7% compared to 17.6% the previous year. Progress on the Coles Brook Industrial Park continues. The current (active) project covers 13 acres out of 70 acres planned as a commercial park. The Town received three Small Town Economic Assistance Program (STEAP) grants from the State of Connecticut over the past nine years to provide the environmental study, supplement the infrastructure in this area, and facilitate commercial development for the Town. Cobblestone Plaza on Route 372 has a third site cleared for development. A storage facility on Alcap Ridge is 75% complete. Two new commercial unit permits were issued in 2014-15.

Several commercial properties have proposed interior and/or exterior improvements for the upcoming fiscal year and four commercial improvement projects were completed. The Mattabassett District Wastewater Treatment Facility improvements are 98% complete. The trend towards redevelopment of existing commercial properties, which began in January 2014 with the purchase of the Cromwell Commons Shopping Center for \$13.2 million, continues in Cromwell. Safe Home Security received approval to build a 74,000 square foot office building on Sebeth Drive, Classic Car Wash expanded and renovated its facility at 23 Shunpike Road, Cromwell Growers continued to expand its facility with the construction of 4 new hoop houses for outdoor plant materials, and GKN, at 100 Corporate Row, constructed building additions and a new parking area for its expanding workforce. Northeast Manufacturing completed the cleanup and renovations of the 100,000 square foot building on 6.1 acres at 14 Alcap Ridge and now occupies about 50% of the building. The rest of the building is available for lease. Plummer All-Season Landscaping leased renovated and now occupies 223 Shunpike Road.

The Town continues to attract new small businesses as well, adding two new restaurants on Main Street and a pediatric therapy business on Shunpike Road.

With the residential component of the grand list consistently around 70%, regulatory boards and commissions, to the extent possible, are evaluating the impact their decisions have on the grand list. Diversification of the grand list is considered as part of the Town's economic development initiatives. The balance of the grand list amounts to 14.7%, as compared to 14.4% for the 2012 grand list.

Major Initiatives

For the Year:

Major initiatives tend to be measured by large expenditures and/or project size and are usually thought of in terms of capital projects. However, presented below are the highlights of the Town's special programmatic and service initiatives followed by the explanation of capital initiatives.

Programs and Services:

Administration:

The Town's first Town Manager, Jonathan Sistare, voluntarily resigned in February 2015 to return to his home state of New Hampshire. The Town's Chief of Police was appointed acting Town Manager and was permanently appointed as the Town Manager effective August 17, 2015, retiring as Cromwell's Police Chief after over 23 years in that position.

Finance Department:

Awarded the Town's twenty-fifth consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

Police:

Continued participation in State grant programs for drug enforcement and education, specialized traffic control, and community policing projects. Completed the upgrade to emergency communication system.

Health Department:

Participated in Public Health Emergency Preparedness (PHEP) to protect the citizens in the event of a biological emergency. The free radon-testing program provided carbon monoxide test kits on a cost-share/donation basis to town residents. Continued to monitor a mosquito control program.

Library:

The Cromwell Belden Public Library move forward with and received training on a new state of the art integrated computer system. The system is a major method to share materials among libraries by patrons or librarians. It also provides some downloadable books and e-mail notifications of when items are due.

Recreation:

Operated and/or supported fifty-two programs for both children and adults in the Town.

Economic Development Commission:

Coordinated local business visits for Town Council members on monthly basis. Participated with the Downtown Merchants' Association in two community events – Halloween on Main Street and a Memorial Day Car Show. Submitted plans to enhance the River Landing Park for additional parking and handicap access to the Connecticut River. Grant funding was approved through DECD and DEEP.

Human Services:

Continued all services to the seniors and youth of the Town. Support services and referrals to citizens of Cromwell were provided as needed. A State grant continues to support increased transportation services to the Town's senior and handicapped citizens for an eighth year.

Capital Projects:

Public Works:

Construction continued on Town-wide infrastructure improvements.

Education:

Bond funds, from the spring 2013, are providing for improvements to the Edna C. Stevens Elementary School, with the emphasis on replacing the boiler with a more efficient system using natural gas. This project includes the extension of the natural gas line from Main Street to the school on Court Street. Improvements are also being made to the Middle School gymnasium walls. These projects were completed in the fall 2014.

Financial Information

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from losses, theft, or misuse to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of Federal financial assistance both directly and as passed through the State, the Town is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. The same applies to financial assistance provided directly by the State.

As a part of the Town's single audits, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal and State financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The single audits for the fiscal year ended June 30, 2015 will be issued as separate reports. They will be filed with the Town Clerk for public inspection and will be filed with appropriate Federal and State agencies.

Budgeting Controls

In addition to internal accounting controls, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget for the General Fund approved at the annual referendum and as may be amended by the Town Council and Board of Finance, or a Special Town Meeting during the fiscal year. The General Fund level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the departmental level. The Town maintains annual budgets for other funds, such as the Sewer Usage Fund, Sewer Assessment Fund, Sidewalk Fund, and the Dog Fund, as approved by State Statute or Special Town Meeting. The Town also maintains project length budgets for all capital projects.

To aid in budgetary control, the Town maintains an encumbrance accounting system to record obligations by line item for all budgets. Verification of funds availability is required prior to the issuance of purchase orders, which are recorded as encumbrances in the budgetary accounting system. Those encumbrances for goods and services that have not been received on June 30 of each year are reported as reservations of fund balance. Valid charges in the next fiscal year are paid from these encumbrances.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

General Fund Balance

The unassigned, or available, General Fund fund balance increased by \$96,552, or 1.2%, during the fiscal year. This amount, \$7,730,698, is equivalent to about 59 days of operating expenditures and is 16.19% of the adopted 2016 budget. A favorable result from budgetary operation resulted in a net increase in fund balance. Unanticipated revenue from supplemental motor vehicle tax collection and prior year tax collections resulted in approximately \$500,000 in excess of budget. Staffing changes and conservative use of funds after a difficult winter resulted in lower than anticipated expenditures. Additional uses of funds included \$338,680 for Town capital and non-recurring (CNR) projects and \$39,317 for Board of Education capital projects.

The Town of Cromwell's General Fund fund balance has historically been used to fund large capital projects and prefund reimbursement-type grant opportunities. During fiscal 2015, there were additional appropriations from fund balance, totaling \$377,997. A total of \$338,680 was transferred to the Capital/Nonrecurring Fund for various capital projects/equipment, including police vehicles, body cameras, drainage upgrades and Town Hall roof repairs. The Board of Finance established a capital fund for the Board of Education in fiscal year 2014 and approved a transfer of \$39,317 into this Fund from the Education operating budget surplus. Additionally the fund balance allowed for up to \$61,500 in the fiscal 2015 budget to offset small capital items included in the operating budget. The Board of Finance also committed \$220,400 toward the 2016 budget accounts for small capital items and to fund a portion of the Willowbrook Road project, plus \$785,393 to fund the Capital/Nonrecurring Fund for 2015-16 requests. This is in keeping with the Board of Finance's historical practices and philosophy.

Debt Administration

On June 30, 2015, the Town has four debt issues outstanding. Bonded indebtedness was \$23,620,000 with a final maturity date of June 2030. All the bonds are general obligations of the Town. Bonds that are authorized but unissued total \$5,372,324. The Willowbrook Road Improvement project accounts for 60% of this amount. It is anticipated that the Town's portion of Willowbrook Road Improvements will be self-funded. The balance of the authorized but unissued amount is a result of other Town infrastructure and facility improvement projects authorized in May 2008, April 2010, and new projects authorized in the spring 2013.

In January 2014, Standard & Poor's credit rating agency upgraded the Town of Cromwell's credit rating from AA to a solid AAA.

According to State Statutes, total Town indebtedness may not exceed seven times the annual receipts from taxation or \$300,113,527 on June 30, 2015. There are also sub-limits by category for bonds. In total, bonded indebtedness on June 30, 2015 was 13.3% of statutory capacity.

On June 30, 2015, the ratio of bonded indebtedness to assessed value (grand list) was 1.86%. The amount of bonded indebtedness per capita was \$1,678.

Relevant Policies and Practices

Fund Balance Policy

The Board of Selectmen approved a policy providing guidelines for budgeting decisions and to insure adequate reserves are established and maintained to fund operations by providing sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. This policy further established pertinent classifications of the established reserves and the level of authority necessary for each classification. This policy also discusses the importance of maintaining an appropriate level of fund balance, taking into consideration the Town's operating characteristics, diversity of tax base, reliability on non-tax revenue sources, working capital needs, impact on bond rating, local and economic outlooks, emergency and disaster risk and other contingent issues. In accordance with prudent budgeting practices, the unassigned fund balance will not be used on a routine or one-time basis to lower taxes or offset normal operating expenditures.

Economic Development Incentive Guidelines

The Board of Selectmen approved guidelines to encourage the strategic growth and expansion of business, consistent with the Town of Cromwell's Plan of Conservation and Development (POCD). The objective of these guidelines are to stimulate local economic conditions to strengthen existing businesses and develop growth in strategic industries, provide for high quality, long term growth of the tax base, preserve and create jobs for local residents and accomplish community goals as stated in the current POCD. The Board of Selectmen, upon the recommendation of the First Selectman, must approve all incentives to new and existing businesses.

Debt Management and Capital Planning

The Town Council approved a Debt Management and Capital Planning policy to be used in assessing and long range planning of the Town's capital needs, the determination of appropriate funding methods, and the management of debt and capital assets at a portfolio level. The policy outlines basic objectives for debt issuance and acceptable uses, as well as decision analysis for capital planning, oversight and monitoring. The Town of Cromwell established a Long Range Capital Planning committee in March 2007, consisting of two members from the Town Council, two members from the Board of Finance, the Town Manager, and the Finance Director.

This policy is used in conjunction with the existing Capital/Non-Recurring program, which is for capital or non-recurring requests not funded through the operating budget and in excess of \$10,000.

Policies were reviewed and updated based on changes to the Town Charter and resulting form of government. Any necessary revisions were approved on June 16, 2014. Additional policies, including the Fund Balance and Economic Development Incentive Guidelines will be reviewed and updated, as necessary.

Independent Audit

The Town Charter requires an annual audit of books of account, financial records and transactions of all administrative departments of the Town by independent certified public accountants selected by the Town Council. This requirement has been complied with and the auditor's report has been included in this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cromwell, Connecticut for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this comprehensive annual financial report on a timely basis was made possible by the efficient and dedicated service of the entire staff of the Finance Department, to whom I extend my sincere appreciation. I should also thank you, the Town Council, and the Board of Finance for the interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully Submitted,

A handwritten signature in black ink that reads "Marianne Sylvester". The signature is written in a cursive style with a large initial 'M'.

Marianne Sylvester
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

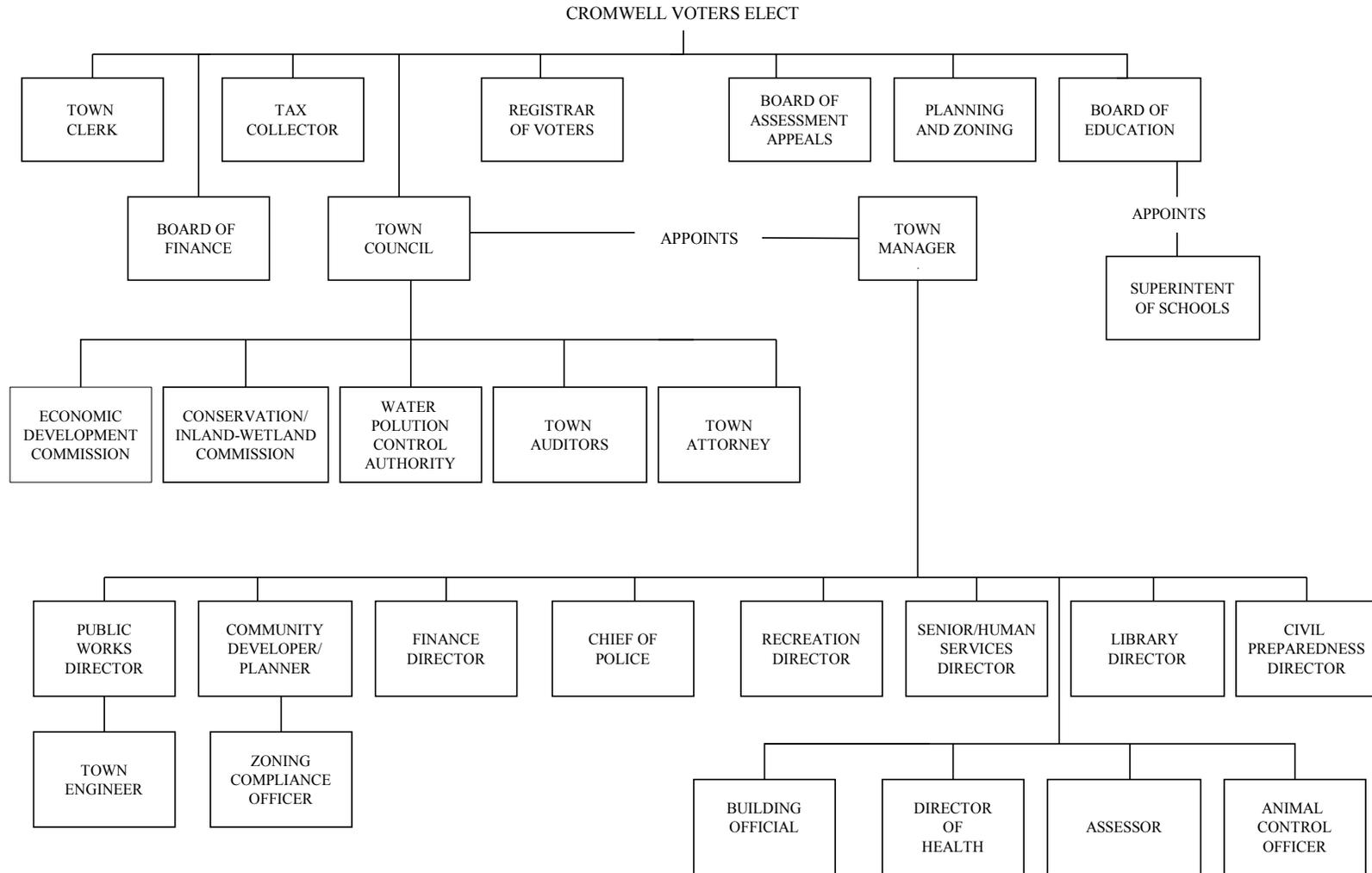
**Town of Cromwell
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

ORGANIZATIONAL CHART



**PRINCIPAL ELECTED OFFICIALS
AND ADMINISTRATORS
AS OF JUNE 30, 2015**

Mayor
Town Clerk
Tax Collector

Enzo Faienza
Darlene DiProto
Douglas Sienna

TOWN COUNCIL

Richard R. Newton
Mertie Terry
Allan D. Spotts
Jr.

Shirley Banik
Al Waters
Frank C. Emanuele

BOARD OF FINANCE

John Henehan, Chairman
Julius Neto, Vice-Chairman
Joseph E. Corlis

Bob Milardo
Ed Weners
Amanda Drew

BOARD OF EDUCATION

Michael J. Camilleri, Chairman
Paul M. Sousa
Jeffrey Matrulo
Christine Trousdale
Lauren Griffin

Julie Fitts Ritter
Phil Gagnon
Jay V. Fletcher
Gaia McDermott

Superintendent of Schools

Dr. Paula Talty

ADMINISTRATION

Acting Town Manager
Animal Control Officer
Assessor
Building Official
Chief of Police
Developer/Planner
Director of Finance
Director of Human Services/Senior Ctr.
Director of Public Works
Director of Recreation
Library Director
Town Engineer
Zoning Officer

Anthony J. Salvatore
Cheryl Gagnon
Shawna Baron
David Jolley
Anthony J. Salvatore
Stuart Popper
Marianne Sylvester
Joy Hollister
Louis Spina
Susan Schein
Eileen Branciforte
Jonathan Harriman
Jillian Massey

Financial Section



Independent Auditor's Report

RSM US LLP

To the Board of Finance
Town of Cromwell, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Cromwell, Connecticut (the Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cromwell, Connecticut as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter—Adoption of Standards

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB 68*, which resulted in the Town restating net position for recognition of the Town's pension related activity incurred prior to July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-12, the schedules of funding progress and employer contributions, schedule of investment returns, the schedule of changes in the Town's net pension liabilities and related ratios and the schedule of the Town's proportionate share of the net pension liability on pages 61-66, the General fund budgetary comparison information on pages 67-80, and the Sewer Usage fund budgetary comparison information on page 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and other schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 8, 2015

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**TOWN OF CROMWELL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015**

This discussion and analysis of the Town of Cromwell, Connecticut's (the Town) financial performance is provided by management as an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to X.

Financial Highlights

- The General Fund reported a fund balance this year of \$8.8 million, or 17.6% of fiscal year 2015 General Fund revenues, with unassigned General Fund fund balance at \$7.7 million or 15.5% of revenues.
- Net position of our governmental activities increased by \$806,009 over the prior year, as restated for GASB No. 68 and No. 71 (see Table 1).
- The Town's general obligation debt decreased by \$2.9 million. A net decrease of \$3.4 million in long-term liabilities is reflected due to GASB No. 68/No. 71 reporting of net pension liabilities and a slight increase in other long-term liabilities (OPEB obligations and compensated absences).
- The Town's General Fund revenues received for the fiscal year exceeded the operating expenses by \$940,061.
- Total cost of all of the Town's programs was \$54.2 million with no program changes this year.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer term view of the Town's finances. Fund financial statements are presented in Exhibits III to X. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets, deferred outflow of resources and liabilities and deferred

inflows of resources, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports governmental activities as the Town's basic services, including education, public safety, public works, culture and recreation, human services and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Finance establishes many other funds to help control and manage financial activities for particular purposes (like the Sewer Usage Fund and the Outside Services Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received for education from the State and Federal governments). The Town's funds are divided into three categories: governmental, proprietary, and fiduciary.

- *Governmental Funds (Exhibits III, IV and V)* – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are greater or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits VI, VII and VIII)* – The Town's activities related to the internal service fund for employee dental insurance are reported in these exhibits. This fund receives payments from the Town, including the Board of Education, and the Fire District, as well as employee and retiree contributions to pay claims made for dental procedures.
- *Fiduciary Funds (Exhibits IX and X)* – The Town is the trustee, or fiduciary, for its employees' pension plans. The Town also holds funds as the agent for the School Activity Fund and for contractor bonds. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net position increased from a year ago, from \$97.7 million, as restated, to \$98.5 million, after adjustments for new financial reporting requirements pertaining to pension benefits. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

Table 1
Summary Statement of Net Position

| | Governmental Activities | |
|---|----------------------------|-----------------------|
| | June 30, 2015 | June 30, 2014 |
| Current and other assets | \$ 21,063,332 | \$ 20,470,684 |
| Capital assets, net of accumulated depreciation | 114,835,025 | 116,651,840 |
| Total assets | 135,898,357 | 137,122,524 |
| Deferred Outflows of Resources | | |
| Deferred pension expense | 3,304,727 | - |
| Deferred charge on refunding | 205,004 | 279,555 |
| | 3,509,731 | 279,555 |
| Long-term debt outstanding | 34,576,941 | 33,462,409 |
| Other liabilities | 3,612,734 | 3,071,145 |
| Total liabilities | 38,189,675 | 36,533,554 |
| Deferred Inflows of Resources | | |
| Deferred pension credit | 2,450,083 | - |
| Advance property tax collections | 277,669 | 127,041 |
| | 2,727,752 | 127,041 |
| Net Position | | |
| Net investment in capital assets | 90,158,279 | 90,349,694 |
| Restricted for: | | |
| Perpetual care: | | |
| Expendable | 4,267 | 3,825 |
| Nonexpendable | 56,237 | 56,237 |
| Unrestricted | 8,271,878 | 10,331,728 |
| Total net position | \$ 98,490,661 | \$ 100,741,484 |

When adjustments are made for GASB Statement No. 68 and No. 71, the total net position for fiscal year 2014 is reduced to \$97,684,652, as shown in the restated beginning balance on Table 2 (see Note 1). Using the restated total net position, the Town's total net position for governmental activities increased by \$806,009. The unrestricted portion of the Town's net position – the part of net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – shows an increase from \$7.3 million (restated) at June 30, 2014 to \$8.3 million at the end of this year. The increase in net position can primarily be attributed to the surplus of revenues over expenditures. Net investment in capital assets has decreased year-over-year \$191,415 reflecting the infrastructure and facility improvements being undertaken net of the associated debt and depreciation.

Long term liabilities increased by approximately \$1 million due to the recording of a net pension liability as part of the implementation of GASB 68 which was offset by planned pay-down of existing debt. Long-term debt outstanding is reflective of the pay-down of existing debt combined with an increase in the liability for other post-employment benefits (OPEB) of \$49,282 and the compensated absences liability of \$26,155.

Table 2
Summary Statement of Activities Year Ended June 30,

| | Governmental Activities | |
|--|----------------------------|-----------------------|
| | 2015 | 2014 |
| Revenues | | |
| Program Revenues: | | |
| Charges for services | \$ 4,049,389 | \$ 3,525,387 |
| Operating grants and contributions | 9,871,178 | 9,695,887 |
| Capital grants and contributions | 343,140 | 529,426 |
| General Revenues: | | |
| Property taxes | 40,220,941 | 38,905,611 |
| Grants and contributions not restricted to specific purposes | 242,913 | 244,792 |
| Unrestricted investment earnings | 45,660 | 46,556 |
| Other general revenues | 193,413 | 96,112 |
| Total revenues | 54,966,634 | 53,043,771 |
| Program expenses | | |
| General government | 5,472,277 | 5,557,370 |
| Public Safety | 3,584,653 | 3,484,220 |
| Public Works | 8,199,804 | 7,687,149 |
| Culture and Recreation | 1,015,493 | 1,001,837 |
| Human Services | 606,338 | 595,427 |
| Education | 34,400,356 | 33,609,091 |
| Interest on long-term debt | 881,704 | 948,731 |
| Total program expenses | 54,160,625 | 52,883,825 |
| Increase in net position | 806,009 | 159,946 |
| Net Position, beginning, as restated (Note 1) | 97,684,652 | 100,581,538 |
| Net Position, ending | \$ 98,490,661 | \$ 100,741,484 |

The Town's total revenue was \$55.0 million. The total cost of all programs and services was \$54.2 million. Our analysis below considers the operations of governmental activities.

Governmental Activities

On the revenue side, income from property taxes, which comprises 73.2% of Town revenues, exceeded the original budget by approximately \$459,000 and surpassed fiscal year 2014 collections by over \$1.3 million. There was an increase in charges for services, year over year, attributable to the public works areas and an increase in operating grants from education. State grant reimbursements for capital grants decreased since the active projects were in final stages.

Table 3 presents the cost of each of the Town's five largest programs – education, general government, public works, public safety and culture and recreation – as well as each program's

net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
Governmental Activities

| | Total Cost of Service | | Net Cost of Service | |
|------------------------|-----------------------|---------------|---------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Education | \$ 34,400,356 | \$ 33,609,091 | \$ 24,279,991 | \$ 23,825,826 |
| General Government | 5,472,277 | 5,557,370 | 4,771,413 | 4,861,547 |
| Public Works | 8,199,804 | 7,687,149 | 5,529,569 | 5,080,403 |
| Public Safety | 3,584,653 | 3,484,220 | 3,018,437 | 3,021,262 |
| Culture and Recreation | 1,015,493 | 1,001,837 | 852,021 | 837,075 |
| All Others | 1,488,042 | 1,544,158 | 1,445,487 | 1,507,012 |
| Total | \$ 54,160,625 | \$ 52,883,825 | \$ 39,896,918 | \$ 39,133,125 |

Town Funds Financial Analysis

Governmental Funds

The Board of Finance presented the fiscal 2015 budget to the Annual Town Referendum in three parts. The Town budget was \$14,609,190 or 0.62% more than the Town Meeting approved budget for 2014. Bonded Debt budget of \$3,724,115 represented an increase of \$509,416 or 15.8%. The Education budget was \$27,319,070, an increase of 3.1%. In total, the total original proposed budget, \$45,652,375, was 3.2% more than the previous year. The increase in the overall budget was primarily due to increased contractual obligations and bonded debt. Changes to the Town Charter brought the annual budget directly to the Annual Town Referendum on the 1st Tuesday in May, at which time all three components of budget were approved. The Board of Finance then set the mill rate at 31.18, an increase of 0.43 mills. No existing programs were cut.

Total revenues and transfers for the year, based on generally accepted accounting principles were \$50,110,007. Expenditures and encumbrances on the same basis were \$49,169,946. The difference of \$940,061 increased fund balance at fiscal year-end to \$8.8 million. Tax collections, primarily for prior years' taxes and liens plus supplemental motor vehicles, exceeded budgeted amounts by nearly \$459,000. Staffing changes (wages and benefits) and savings in utilities and gasoline resulted in savings in expenditures.

Comparing total General Fund expenditures (actual) to budget resulted in a savings of \$553,865. Year over year, total expenditures for governmental activities increased by 2.4%, with expenditures for public works reflecting the greatest increase due to the difficult winter. According to the Town's Charter, all Departments must finish the year within budget and this was accomplished. Some of the savings in comparing expenditures to the original budget were in General Government (\$219,757), including Employee Benefits (\$130,293), Public Safety (\$113,326), Public Works (\$95,491), Culture and Recreation (\$27,249), and Human Services (\$34,824).

The Town's General Fund Balance of \$8.8 million reported on Exhibit III in the Basic Financial Statements consists of \$7.7 million as Unassigned Fund Balance. The Board of Finance committed \$1,005,793 to support the 2015-16 budget, which includes \$785,393 in capital and non-recurring requests. The Capital Projects Fund fund balance, shown in Exhibit III, reflects a decrease as projects were completed. The Sewer Usage Fund saw a slight increase fund balance a surplus of revenues (user fees) over expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Town had \$114.8 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and sewer lines (see Table 4). This amount is consistent with the previous year, reflecting the completion various projects and the shift in the allocation from Construction in Progress to the appropriate asset classifications.

Table 4
Capital Assets (Net of Depreciation)

| | Governmental Activities (in millions) | | | |
|---------------------------------------|--|-------------|----------|-------------|
| | 2015 | | 2014 | |
| | Net | Acquisition | Net | Acquisition |
| Land | \$ 8.2 | \$ 8.2 | \$ 8.2 | \$ 8.2 |
| Buildings | 53.1 | 78.7 | 54.1 | 77.9 |
| Furniture, equipment and improvements | 3.8 | 9.7 | 3.0 | 8.4 |
| Infrastructure | 48.4 | 100.5 | 49.6 | 99.7 |
| Construction in progress | 1.3 | 1.3 | 1.8 | 1.8 |
| Total | \$ 114.8 | \$ 198.4 | \$ 116.7 | \$ 196.0 |

For the year, the major changes include:

Buildings – Net amount decreased due to depreciation, although effect was lessened by improvements.

Furniture, equipment, and improvements – Completion of the police communication system was the major component for the increase in this area.

Infrastructure – Improvements to Town roads were offset by depreciation resulting in a decrease in the value net of depreciation.

Construction in progress – Town infrastructure and two small school facility projects are the primary assets in this classification at this time

The Town's fiscal year 2015-16 capital/non-recurring requests include items such as replacement police vehicles, a solar carport, town hall roof repairs, a dump truck, a pavement management study, drainage upgrades, and server upgrades. Other larger capital items, such as infrastructure and major facility improvements, are considered as part of the Town's Long Range Capital Improvement program for inclusion in possible future bond issues.

More detailed information about the Town's capital assets is presented in Note 1 and Note 4 to the financial statements.

Long-Term Debt

At June 30, 2015 the Town had \$23.6 million in bonds and notes outstanding versus \$28.4 million last year – a decrease of 16.9% or \$4.8 million (see Table 5).

Table 5
Outstanding Debt

| | Governmental Activities (in millions) | |
|--------------------------|--|---------|
| | 2015 | 2014 |
| General Obligation Bonds | \$ 23.6 | \$ 28.4 |

The Town did not issue new debt during fiscal year 2014-2015. The Town of Cromwell holds an AAA general obligation bond rating with Standard & Poor's rating agency (January 2014).

The State limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes based on type of debt and tax base. When the Town's outstanding general obligation debt is calculated in accordance with this formula it is significantly below this \$300 million State imposed limit.

Other long-term obligations include other post-employment benefits (OPEB), net pension liabilities and compensated absences (accrued vacation pay and sick leave). More detailed information about the Town's long term liabilities is presented in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town's Board of Finance considered many factors when setting the fiscal year 2016 budget tax rate. One of those factors is the economy. The unemployment rate in the Town for June 2015 stands at 4.5% versus 5.5% one year ago. This compares favorably with the State's and the Hartford Labor Market area's unemployment rate of 5.4%.

According to the Connecticut Economic Resource Center (CERC), the most recently reported (2013) Per Capita Income in Cromwell was \$38,463 compared to the county rate of \$39,992 and the State rate of \$37,892. Median Household Income was \$80,134 for Cromwell versus \$76,659 for the county and \$69,519 for the State. The percent of families below poverty level was 3.4% for the Town. The county percentage was 5.9% and the State's was 10.0%, based on 2012 information.

The fiscal year 2016 General Fund budget of \$47,743,727 was approved by referendum. This budget was \$2,091,352, or 4.58% higher than the 2015 adopted budget, primarily due to the capital and non-recurring requests which were considered separately in the 2015 budget process. Debt service increased over the prior year by \$158,837, or 4.3%. The General Government budget increased by \$976,348 or 6.6%. The Education portion increased by \$976,348, or 3.5%. In order to fund this budget, the Board of Finance took the collection rate factor into consideration, maintaining it at 98.75%, and a 1.61% increase in the grand list. They also used \$220,400 of available fund balance to offset a portion of the increase in debt service and support

the small capital items included in the operating budget. In addition, \$785,393 of available fund balance was used for the capital and non-recurring requests included in the budget process this fiscal year. The Board of Finance set the mill rate at 31.38 mills. This reflects an increase of 0.20 mills, or 0.6%. There were no new programs added for fiscal year 2015-16 and all existing programs were funded.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Cromwell, 41 West Street, Cromwell, Connecticut 06416 or visit www.cromwellct.com.

Basic Financial Statements

Statement of Net Position
June 30, 2015

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Cash and cash equivalents | \$ 18,664,953 |
| Receivables, net of allowances for collection losses: | |
| Property taxes | 615,034 |
| Assessments/user charges | 535,526 |
| Intergovernmental | 140,535 |
| Other | 252,894 |
| Inventories | 29,002 |
| Restricted cash | 825,388 |
| Capital assets not being depreciated | 9,562,042 |
| Capital assets being depreciated, net | 105,272,983 |
| Total assets | <u>135,898,357</u> |
| Deferred Outflows of Resources | |
| Deferred pension expense | 3,304,727 |
| Deferred charge on refunding | 205,004 |
| Total deferred outflows of resources | <u>3,509,731</u> |
| Liabilities | |
| Accounts payable and other payables | 2,011,308 |
| Accrued interest payable | 98,056 |
| Unearned revenue | 1,503,370 |
| Long-term liabilities: | |
| Due within one year | 3,373,917 |
| Due in more than one year | 31,203,024 |
| Total liabilities | <u>38,189,675</u> |
| Deferred Inflows of Resources | |
| Deferred pension credit | 2,450,083 |
| Advance property tax collections | 277,669 |
| Total deferred inflows of resources | <u>2,727,752</u> |
| Net Position | |
| Net investment in capital assets | 90,158,279 |
| Restricted for: | |
| Perpetual care: | |
| Expendable | 4,267 |
| Nonexpendable | 56,237 |
| Unrestricted | 8,271,878 |
| Total net position | <u>\$ 98,490,661</u> |

See Notes to Financial Statements.

Town of Cromwell, Connecticut

Exhibit II

Statement of Activities
For the Year Ended June 30, 2015

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets |
|----------------------------|------------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities | | | | | Governmental Activities |
| General government | \$ (5,472,277) | \$ 700,864 | \$ - | \$ - | \$ (4,771,413) |
| Public Safety | (3,584,653) | 527,056 | 39,160 | - | (3,018,437) |
| Public Works | (8,199,804) | 2,049,278 | 277,817 | 343,140 | (5,529,569) |
| Culture and Recreation | (1,015,493) | 149,472 | 14,000 | - | (852,021) |
| Human Services | (606,338) | 7,633 | 34,922 | - | (563,783) |
| Education | (34,400,356) | 615,086 | 9,505,279 | - | (24,279,991) |
| Interest on long-term debt | (881,704) | - | - | - | (881,704) |
| | <u>\$ (54,160,625)</u> | <u>\$ 4,049,389</u> | <u>\$ 9,871,178</u> | <u>\$ 343,140</u> | <u>(39,896,918)</u> |

| | |
|---|----------------------|
| General Revenues | |
| Property taxes | 40,220,941 |
| Grants and contributions not restricted to specific programs | 242,913 |
| Unrestricted investment earnings | 45,660 |
| Other | 193,413 |
| Total general revenues | <u>40,702,927</u> |
| Change in net position | 806,009 |
| Net Position - Beginning, as restated (Note 1) | <u>97,684,652</u> |
| Net Position - Ending | <u>\$ 98,490,661</u> |

See Notes to Financial Statements.

Balance Sheet - Governmental Funds
June 30, 2015

| | General | Sewer Usage | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|---------------------|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 10,132,626 | \$ 3,164,100 | \$ 4,513,571 | \$ 1,552,821 | \$ 19,363,118 |
| Receivables, net | | | | | |
| Property taxes | 615,034 | - | - | - | 615,034 |
| Assessments/user charges | - | 214,306 | 321,220 | - | 535,526 |
| Intergovernmental | - | - | 98,125 | 42,410 | 140,535 |
| Other | 228,545 | - | - | 24,349 | 252,894 |
| Prepays/Inventories | - | - | - | 29,002 | 29,002 |
| Due from Other Funds | 244,211 | - | - | 66,982 | 311,193 |
| Total assets | \$ 11,220,416 | \$ 3,378,406 | \$ 4,932,916 | \$ 1,715,564 | \$ 21,247,302 |
| Liabilities | | | | | |
| Accounts and other payables | 1,456,538 | 67,332 | 430,576 | 40,862 | \$ 1,995,308 |
| Due to other funds | 138,902 | - | - | 173,291 | 312,193 |
| Unearned revenue | - | 1,383,408 | - | 119,962 | 1,503,370 |
| Total liabilities | 1,595,440 | 1,450,740 | 430,576 | 334,115 | 3,810,871 |
| Deferred Inflows of Resources | | | | | |
| Advance property tax collections | 277,669 | - | - | - | 277,669 |
| Unavailable resources - other | 560,414 | 192,696 | 321,220 | - | 1,074,330 |
| Total deferred inflows of resources | 838,083 | 192,696 | 321,220 | - | 1,351,999 |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | 85,239 | 85,239 |
| Restricted | - | - | 2,324,081 | 517,657 | 2,841,738 |
| Committed | 1,005,793 | 1,734,970 | 378,077 | 778,553 | 3,897,393 |
| Assigned | 50,402 | - | 1,478,962 | - | 1,529,364 |
| Unassigned | 7,730,698 | - | - | - | 7,730,698 |
| Total fund balances | 8,786,893 | 1,734,970 | 4,181,120 | 1,381,449 | 16,084,432 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 11,220,416 | \$ 3,378,406 | \$ 4,932,916 | \$ 1,715,564 | |

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|---|----------------------|
| Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the Town as a whole. | 114,835,025 |
| Assets that are not available to pay for current period expenditures and , therefore, are deferred inflows in the funds. | 1,074,330 |
| Deferred amounts on refunding | 205,004 |
| Net deferred inflows/outflows due to pension liabilities | 854,644 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (34,576,941) |
| Internal Service funds are used by management to charge the costs of risk management to individual funds are included in governmental activities in the statement of net position | 112,223 |
| Accrued interest payable not recorded in the funds. | (98,056) |
| Net position of governmental activities | \$ 98,490,661 |

See Notes to Financial Statements.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2015

| | General | Sewer Usage | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-------------------|------------------|---------------------|-----------------------------------|--------------------------------|
| Revenues | | | | | |
| Property taxes | \$ 39,967,103 | \$ - | \$ - | \$ - | \$ 39,967,103 |
| Intergovernmental | 8,336,950 | - | 343,140 | 1,948,801 | 10,628,891 |
| Charges for services | 1,157,143 | 1,626,167 | 117,470 | 661,254 | 3,562,034 |
| Income on investments | 35,908 | 2,810 | 5,237 | 1,705 | 45,660 |
| Other | 289,698 | 20 | 35,408 | 157,985 | 483,111 |
| Total revenues | 49,786,802 | 1,628,997 | 501,255 | 2,769,745 | 54,686,799 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 5,277,296 | - | - | - | 5,277,296 |
| Public Safety | 3,433,071 | - | - | 115,000 | 3,548,071 |
| Public Works | 4,275,898 | 1,583,937 | 4,493 | 10,337 | 5,874,665 |
| Culture and Recreation | 790,789 | - | - | 148,838 | 939,627 |
| Human Services | 530,405 | - | - | 26,573 | 556,978 |
| Education | 30,610,852 | - | - | 2,111,378 | 32,722,230 |
| Debt Service | 3,724,114 | - | - | - | 3,724,114 |
| Capital Outlay | - | - | 2,382,950 | 25,250 | 2,408,200 |
| Total expenditures | 48,642,425 | 1,583,937 | 2,387,443 | 2,437,376 | 55,051,181 |
| Excess (deficiency) of revenues over (under) expenditures | 1,144,377 | 45,060 | (1,886,188) | 332,369 | (364,382) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 323,205 | - | 427,997 | 99,524 | 850,726 |
| Transfers out | (527,521) | - | (31,388) | (291,817) | (850,726) |
| Total other financing sources (uses) | (204,316) | - | 396,609 | (192,293) | - |
| Change in fund balances | 940,061 | 45,060 | (1,489,579) | 140,076 | (364,382) |
| Fund Balances, Beginning of Year | 7,846,832 | 1,689,910 | 5,670,699 | 1,241,373 | 16,448,814 |
| Fund Balances, End of Year | \$ 8,786,893 | \$ 1,734,970 | \$ 4,181,120 | \$ 1,381,449 | \$ 16,084,432 |

See Notes to Financial Statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015**

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | <u>\$ (364,382)</u> |
|--|---------------------|

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

| | |
|----------------------|---------------------------|
| Capital Outlay | 2,441,032 |
| Depreciation expense | <u>(4,257,847)</u> |
| Total | <u>(1,816,815)</u> |

Changes in receivables that impact revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in these receivables are as follows:

| | |
|-------------------------------------|-----------------------|
| Property taxes receivable | 253,838 |
| Special assessments and collections | 15,491 |
| Intergovernmental receivable | (51,126) |
| Sewer assessment and usage charges | <u>62,807</u> |
| Total | <u>281,010</u> |

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

| | |
|--|-------------------------|
| Issuance of general obligation bonds | |
| Principal repayments: | |
| Bond principal payments | 2,700,000 |
| Amortization of bond premiums | 221,008 |
| Amortization of deferred charge on refunding | <u>(74,551)</u> |
| | <u>2,846,457</u> |

| | |
|---|-----------------|
| Net income of certain activities of internal service funds is reported with governmental activities | <u>(16,680)</u> |
|---|-----------------|

| | |
|---|----------------|
| Change in net deferred inflows/outflows relating to the net pension liabilities | <u>430,606</u> |
|---|----------------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The change in these expenses are as follows:

| | |
|--------------------------------|------------------|
| Net pension liability- MERS | 597,806 |
| Net pension liability | (1,080,603) |
| Other post-employment benefits | (49,282) |
| Compensated absences | (26,155) |
| Accrued interest | 4,047 |
| | <u>(554,187)</u> |

| | |
|---|--------------------------|
| Change in net position of governmental activities | <u><u>\$ 806,009</u></u> |
|---|--------------------------|

See Notes to Financial Statements.

**Statement of Net Position - Proprietary Funds
June 30, 2015**

| | Governmental Activities <hr/> Internal Service Fund <hr/> |
|---------------------------|--|
| Assets | |
| Cash and cash equivalents | <u>\$ 127,223</u> |
| Liabilities | |
| Claims payable | <u>15,000</u> |
| Net Position | |
| Unrestricted | <u><u>\$ 112,223</u></u> |

See Notes to Financial Statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2015**

| | Governmental Activities |
|---------------------------------|--------------------------------------|
| | <u>Internal Service Fund</u> |
| Operating Revenues | |
| Charges for services | \$ 334,067 |
| Total operating revenues | <u>334,067</u> |
| Operating Expenses | |
| Benefits provided | <u>350,747</u> |
| Total operating expenses | <u>350,747</u> |
| Net loss | (16,680) |
| Net Position, Beginning | <u>128,903</u> |
| Net Position, Ending | <u><u>\$ 112,223</u></u> |

See Notes to Financial Statements.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015**

| | Governmental Activities |
|--|--------------------------------------|
| | <u>Internal Service Fund</u> |
| Cash Flows From Operating Activities | |
| Receipts from customers and users | \$ 334,067 |
| Payments to suppliers | <u>(347,747)</u> |
| Net cash used in operating activities | <u>(13,680)</u> |
| | |
| Decrease in cash and cash equivalents | (13,680) |
| | |
| Cash and Cash Equivalents, Beginning | <u>140,903</u> |
| | |
| Cash and Cash Equivalents, Ending | <u><u>\$ 127,223</u></u> |
| | |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | |
| Operating loss | \$ (16,680) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Changes in assets and liabilities: | |
| Decrease in accounts payable | <u>3,000</u> |
| Net cash used in operating activities | <u><u>\$ (13,680)</u></u> |

See Notes to Financial Statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2015

| | Trust Funds | Agency Funds |
|---|----------------------|-----------------|
| Assets | | |
| Cash and cash equivalents | \$ 904,153 | \$ 624,793 |
| Investments: | | |
| Asset and mortgage backed securities | 174,792 | - |
| Corporate bonds | 1,951,591 | - |
| Government bonds | 3,675,855 | - |
| Foreign bonds | 48,012 | - |
| Mutual Funds | 110,907 | - |
| Common stock | 14,287,571 | - |
| Due from other funds | - | 1,000 |
| Total investments | 20,248,728 | 1,000 |
| Total assets | 21,152,881 | 625,793 |
| Liabilities | | |
| Due to student groups and agencies | - | 625,793 |
| Net position restricted for pensions | \$ 21,152,881 | \$ - |

See Notes to Financial Statements.

**Statement of Changes in Fiduciary Net Position - Pension Trust Fund
For the Year Ended June 30, 2015**

| | Trust Funds |
|---|-----------------------------|
| Additions | |
| Contributions: | |
| Employer | \$ 874,153 |
| Plan members | 235,516 |
| Total contributions | <u>1,109,669</u> |
| Investment Gain | |
| Net appreciation in fair value of investments | <u>640,317</u> |
| Less investment expense | <u>(229,564)</u> |
| Net investment gain | <u>410,753</u> |
| | <u>1,520,422</u> |
| Deductions | |
| Benefits | 775,667 |
| Administrative expenses | 1,363 |
| Total deductions | <u>777,030</u> |
| Change in net position | 743,392 |
| Net Position Restricted for Pensions, Beginning of Year | <u>20,409,489</u> |
| Net Position Restricted for Pensions, End of Year | <u><u>\$ 21,152,881</u></u> |

See Notes to Financial Statements.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Cromwell, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

Reporting entity: The Town of Cromwell implemented the revised Charter that was approved by voters in 2011. The changes were effective November 2013, and resulted in a change in the form of government to Town Council/Mayor, with a Town Manager as the chief administrative officer, and a Board of Finance. The legislative power of the Town is vested in the Town Council, except as otherwise provided in the Town Charter. The Town Council must approve ordinances after a public hearing. The Board of Finance is responsible for presenting fiscal operating budgets for approval by referendum.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

The Town provides the following services: general government, public safety, public works and highways, parks, recreation, library, health and human services and education.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100 has been considered and there are no agencies or entities which should be presented by the Town.

Accounting standards adopted in the current year: *GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71*, was implemented on July 1, 2014. This statement revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 required governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required. The effects on the Town's financials are as follows: the beginning net pension asset totaling \$3,315 was removed, the beginning net position was restated by \$3,056,832, net pension liabilities totaling \$3,477,306 were added, and a deferred pension expense of \$423,789 was added. The implementation of this statement resulted in additional disclosures as shown in Note 8.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, was implemented on July 1, 2014. This statement provided guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments. The implementation of this statement had no impact on the Town's financial statements.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The various funds included in the financial statements are described below:

Governmental funds: Governmental funds are those through which most governmental functions typically are financed.

The General Fund: is the primary operating fund of the Town. This fund is used to account for and report all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special Revenue Funds: are used to account for and report the proceeds of specific revenue sources that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

Capital Project Funds: account for and report all financial resources that are restricted, committed or assigned to expenditure for capital outlay.

Permanent Funds: are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

Fiduciary funds: Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and/or other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Trust Funds: accounts for the Town of Cromwell Retirement System and its OPEB plan.

Agency Funds: are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The School Activity Fund and the Contractor Bond Fund are the Town's agency funds.

Proprietary fund: Proprietary funds are used to account for activities that are similar to those found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following is the Town's proprietary fund:

Internal Service Fund: is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town on a cost-reimbursement basis.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting and financial statement presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, employee pension benefits and claims and judgments, are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenues, when eligibility requirements are met, charges for services, licenses and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received.

Agency funds use the accrual basis of accounting, but have no measurement focus since they report only assets and liabilities.

The Town reports the following major governmental funds:

The General Fund: is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The Sewer Usage Fund: accounts for and reports the revenues restricted and committed to expenditures for the operations and maintenance of the Town's sewer system. Revenue is derived primarily from sewer use charges to residents of the Town.

The Capital Projects Fund: accounts for and reports financial resources that are restricted, committed or assigned to be used for the acquisition or construction of major capital facilities and or infrastructure. Legal authorization for expenditures is provided by specific appropriations, bond ordinances and/or intergovernmental grant agreements.

Additionally, the Town reports the following fund types:

Internal Service Fund: is used to account for the dental self-insured activities of the Town, and Cromwell Fire and Water District employees.

The Trust Funds: accounts for the activities of the Town general employees, which accumulates resources for pension and OPEB benefit payments to qualified Town employees.

The Agency Funds: account for resources held by the Town in a purely custodial capacity. The Town maintains two agency funds, the School Activity Fund and the Contractor Bond Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets, deferred outflows/inflows of resources and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as described in Note 2.

Investments for the Town are reported at fair value using quoted market prices.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Property taxes: Property taxes are assessed as of October 1 and are levied the following July 1. Property tax bills are payable in two installments, July 1 and January 1, except for motor vehicles, which are due and payable July 1. Assessments for real and personal property, including motor vehicles, are computed at 70% of the market value.

Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue in the fund financial statements. Interest on delinquent taxes accrues at a rate of 1.5% per month.

Liens are placed upon delinquent real estate accounts on June 30th in accordance with the provisions of the Connecticut General Statutes.

At the time the annual budget is adopted, the Board of Finance establishes the tax rate to be levied on the taxable property for the ensuing year.

Allowance for doubtful accounts: Accounts receivable including property taxes receivable for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based on past collection history and on analysis of creditor's ability to pay. An amount of \$8,500 has been established as an allowance for uncollectible taxes.

Inventories and prepaid items: All inventories are stated at the lower of cost or market, determined on the first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets, which includes property, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings and improvements | 10-50 |
| Improvements other than buildings | 3-20 |
| Infrastructure | 10-65 |
| Furniture and equipment | 3-20 |

Capital outlay (assets) are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Compensated absences: Employees are paid by prescribed formula for absence due to vacation or sickness. Employees are generally not paid for vacation leave not taken, and vacation leave must be taken not later than the end of the next calendar year. Sick leave may be accumulated up to 120 days.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are due. The liability for the remainder of the vested sick leave and vacation leave, and an estimate of the nonvested portion expected to be paid in future periods, is accounted for in the government-wide statement of net position. The vesting method using current pay rates was used to calculate the liability.

Net pension liability: The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Restricted assets: At June 30, 2015, the Town had approximately \$825,000 in restricted assets. The amount relates to unspent bond proceeds. The restricted assets are offset with general obligation bonds leaving no effect on fund balance in the governmental activities.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

Long-term obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Bond principal payments are recorded as expenditures. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Encumbrances: Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as an assigned fund balance as they do not constitute either expenditures or liabilities.

All other General Fund appropriations lapse at year-end.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Pension accounting:

Pension Trust Funds: Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental funds/governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Funding policy: The Town funds the contributions to its defined benefit pension plan based on an actuarial valuation, which amount is included in the budget.

Other post employment obligations (OPEB) accounting: Employer contributions are recognized in the period in which the contributions are due, and the Town provides the contributions.

Governmental funds/governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the Town's contributions to the plan since July 1, 2008, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45.

The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements.

Funding policy: The Town makes annual contributions based on management's decisions. The General Fund is typically used to pay these obligations.

Net position: In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets: This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted net position: These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Unrestricted net position: This category represents the net position of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

Fund balance: In the fund financial statements, the Town reported the following governmental fund balances:

Nonspendable fund balance: These amounts cannot be spent either because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Restricted fund balance: These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Committed fund balance: This represents amounts constrained, prior to year-end, for a specific purpose by a government using its highest level of decision-making authority (Board of Finance) in the form of an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until similar action is taken to remove or revise the limitation.

Assigned fund balance: Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Under the Town's adopted policy, the Finance Director has the authority to assign amounts for a specific purpose.

Unassigned fund balance: The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

Related organizations: The Cromwell Fire District and its Water Division is a self-sustaining, non-profit, quasi-municipal water utility operating under legislative sanction from the State. As such, it issues bonds in its own name to finance its expansion programs and must retire these bonds, as well as pay all operating and maintenance costs, from the revenues obtained from the sale of water and from its tax assessing powers. The Fire District also provides firefighting service to the Town of Cromwell.

Cromwell, along with the Town of Berlin, the City of New Britain, and the City of Middletown, is a member of the Mattabassett District, which was organized under a special act of the 1961 session of the Connecticut General Assembly with separate and distinct powers. The City of Middletown was accepted as the fourth member in March 2014. The sole function of the District is to provide sewer treatment services. A fifteen person Board of Directors is appointed by the member towns with New Britain appointing the majority of members, five (5); Middletown appoints four (4); and Berlin and Cromwell appoint three (3). The Board of Directors is responsible for hiring, firing, purchasing, administration, budget adoption and fiscal operations. The District may issue bonds in its own name. The District levies its annual assessment, which the Town is obligated to pay. The Town is responsible for pro-rata share of the debt, should the District default on its bonds and notes, although the moral obligation to pay these debts will remain with the District. The possibility of the District defaulting on its debt liabilities is remote. The Town has no direct interest in assets or liabilities of the District.

Note 2. Cash, Cash Equivalents and Investments

Deposits: The Town's deposit policy and custodial credit risk policy follows State Statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Investments: The Town's custodial credit risk policy for investments is to follow State Statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

The investments in the Pension Fund are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

Interest rate risk: The Town and the Pension Plan have a policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. The Town and the Pension Plan structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations: The Town does have a policy that limits the amounts invested in any one issuer. The Town maintains a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2015, approximately \$17,841,000 of the Town's bank balance of approximately \$21,372,000 was uninsured and uncollateralized.

Investments: Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2015:

| | |
|---|----------------------|
| Cash and cash equivalents | |
| Deposits with financial institutions | \$ 20,672,366 |
| State of Connecticut Short-Term Investment Fund | 346,921 |
| Total cash and cash equivalents | <u>21,019,287</u> |
| Investments | |
| Pension trust funds: | |
| Asset and mortgage backed securities | 174,792 |
| Corporate bonds | 1,951,591 |
| Government bonds | 3,675,855 |
| Foreign bonds | 48,012 |
| Mutual Funds | 110,907 |
| Common stock | 14,287,571 |
| Total pension investments | <u>20,248,728</u> |
| Total cash, cash equivalents and investments | <u>\$ 41,268,015</u> |

Cash and investments are classified in the accompanying financial statements as follows:

| | |
|---|----------------------|
| Statement of net position | |
| Cash and cash equivalents | \$ 18,664,953 |
| Restricted cash | 825,388 |
| | <u>19,490,341</u> |
| Fiduciary funds | |
| Cash and cash equivalents | 1,528,946 |
| Investments | 20,248,728 |
| | <u>21,777,674</u> |
| Total cash, cash equivalents and investments | <u>\$ 41,268,015</u> |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. The interest rate applies primarily to the Town's Pension Trust Fund. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

| | Fair Value | Investment Maturities (in Years) | | | |
|---------------------------|---------------------|----------------------------------|---------------------|---------------------|-------------------|
| | | Less than 1 year | 1-5 Years | 5-10 Years | Over 10 Years |
| Asset and mortgage backed | \$ 174,792 | \$ - | \$ - | \$ - | \$ 174,792 |
| Corporate bonds | 1,951,591 | - | 538,838 | 1,412,753 | - |
| Government bonds | 3,675,855 | 509,144 | 2,564,568 | 528,819 | 73,324 |
| Foreign bonds | 48,012 | - | 48,012 | - | - |
| Pooled fixed income | 346,921 | 346,921 | - | - | - |
| Totals | \$ 6,197,171 | \$ 856,065 | \$ 3,151,418 | \$ 1,941,572 | \$ 248,116 |

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes. Presented below is the actual credit rating as required for each debt type investment.

| | Asset and Mortgage Backed | Corporate Bonds | Government Bonds | Foreign Bonds | Pooled Fixed Income |
|---------|---------------------------------|---------------------|---------------------|------------------|---------------------------|
| AAA | \$ - | \$ 17,647 | \$ - | \$ - | \$ - |
| AAAm | - | - | - | - | 346,921 |
| AA+ | - | 36,120 | 62,039 | - | - |
| AA | - | 233,412 | - | - | - |
| AA- | - | 64,082 | - | 24,074 | - |
| A+ | - | 405,161 | - | 11,931 | - |
| A | - | 348,539 | - | 12,007 | - |
| A- | - | 82,950 | - | - | - |
| BBB+ | - | 154,630 | - | - | - |
| BBB | - | 12,036 | - | - | - |
| BBB- | - | 73,942 | - | - | - |
| B- | - | 183,508 | - | - | - |
| B+ | - | 84,651 | - | - | - |
| BB | - | 130,391 | - | - | - |
| BB+ | - | 124,522 | - | - | - |
| Unrated | 174,792 | - | 3,613,816 | - | - |
| | \$ 174,792 | \$ 1,951,591 | \$ 3,675,855 | \$ 48,012 | \$ 346,921 |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|--------------------|---------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 8,191,009 | \$ 33,550 | \$ - | \$ 8,224,559 |
| Construction in progress | 1,793,459 | 1,729,277 | 2,185,253 | 1,337,483 |
| Total capital assets, not being depreciated | <u>9,984,468</u> | <u>1,762,827</u> | <u>2,185,253</u> | <u>9,562,042</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 76,011,649 | 808,548 | - | 76,820,197 |
| Improvements other than buildings | 1,860,796 | 25,250 | - | 1,886,046 |
| Furniture and equipment | 8,409,522 | 1,261,845 | - | 9,671,367 |
| Infrastructure | 99,749,224 | 767,815 | - | 100,517,039 |
| Total capital assets being depreciated | <u>186,031,191</u> | <u>2,863,458</u> | <u>-</u> | <u>188,894,649</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 21,937,654 | 1,736,890 | - | 23,674,544 |
| Improvements other than buildings | 813,402 | 30,221 | - | 843,623 |
| Furniture and equipment | 6,452,404 | 511,294 | - | 6,963,698 |
| Infrastructure | 50,160,359 | 1,979,442 | - | 52,139,801 |
| Total accumulated depreciation | <u>79,363,819</u> | <u>4,257,847</u> | <u>-</u> | <u>83,621,666</u> |
| Total capital assets, being depreciated, net | <u>106,667,372</u> | <u>(1,394,389)</u> | <u>-</u> | <u>105,272,983</u> |
| Governmental activities capital assets, net | <u>\$ 116,651,840</u> | <u>\$ 368,438</u> | <u>\$ 2,185,253</u> | <u>\$ 114,835,025</u> |

Depreciation expense was charged to functions/programs of the government as follows:

| | |
|---|----------------------------|
| Governmental activities: | |
| General government | \$ 131,347 |
| Public Safety | 215,141 |
| Public Works | 2,303,046 |
| Culture and Recreation | 75,620 |
| Human Services | 30,586 |
| Education | 1,502,107 |
| Total depreciation expense – governmental activities | <u><u>\$ 4,257,847</u></u> |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 3. Capital Assets (Continued)

Construction commitments: The Town has active construction projects as of June 30, 2015. At year end the Town's commitments with contractors are as follows:

| <u>Project</u> | <u>Expenditures and Encumbrances To Date</u> | <u>Remaining Balance</u> |
|-------------------------------|--|------------------------------|
| Road Improvement | \$ 5,045,365 | \$ 10,635 |
| STEAP Industrial Park | 918,061 | 526,939 |
| STEAP Historical (Riverfront) | 322,456 | 127,154 |
| School Improvements | 693,930 | 87,070 |
| Town Infrastructure | 2,569,864 | 346,136 |
| Total | \$ 9,549,676 | \$ 1,097,934 |

The commitments are being financed through Federal and State grants, general obligation bonds, short-term debt and fund balance.

Note 4. Interfund Receivables, Payables and Transfers

As of June 30, 2015, interfund balances that resulted from various interfund transactions were as follows:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-----------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 244,211 | \$ 138,902 |
| Nonmajor Governmental Funds | 66,982 | 173,291 |
| Agency Funds | 1,000 | - |
| | \$ 312,193 | \$ 312,193 |

The balances above resulted from the time lag between the dates that payments occur between funds for various activities.

Interfund transfers during the year ended June 30, 2015 were as follows:

| | <u>Transfers From Other Funds</u> | <u>Transfers To Other Funds</u> |
|------------------------------|---------------------------------------|-------------------------------------|
| General Fund | \$ 323,205 | \$ 527,521 |
| Capital Projects | 427,997 | 31,388 |
| Non-Major Governmental Funds | 99,524 | 291,817 |
| Total | \$ 850,726 | \$ 850,726 |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 4. Interfund Receivables, Payables and Transfers (Continued)

Transfers to other funds from the General Fund represent monies used to fund projects and programs accounted for in the Capital Projects Fund and Non-Major Governmental Funds in accordance with budget authorizations.

Transfers into the General Fund are primarily transfers from the Capital Projects Fund to return unspent funds from completed projects.

Note 5. Unearned Revenue/Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds and governmental activities were as follows:

| | Unavailable Revenues | Unearned Revenues |
|---|-------------------------|----------------------|
| General Fund | | |
| Property taxes- unavailable | \$ 560,414 | \$ - |
| Advance property tax collections | 277,669 | - |
| Sewer Usage | | |
| Sewer usage | 192,696 | 1,383,408 |
| Capital Projects | | |
| Special assessments and collections | 321,220 | - |
| Nonmajor Governmental Fund | | |
| Grant drawdowns prior to meeting all eligibility requirements | - | 119,962 |
| Total | \$ 1,351,999 | \$ 1,503,370 |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

| | Beginning Balance, as restated * | Increases | Decreases | Ending Balance | Due Within One Year |
|---|-------------------------------------|---------------------|-----------------------|----------------------|------------------------|
| Bonds payable | | | | | |
| General obligation bonds | \$ 26,320,000 | \$ - | \$ (2,700,000) | \$ 23,620,000 | \$ 2,810,000 |
| Unamortized premium on bonds | 2,103,142 | - | (221,008) | 1,882,134 | - |
| | <u>28,423,142</u> | <u>-</u> | <u>(2,921,008)</u> | <u>25,502,134</u> | <u>2,810,000</u> |
| Other long-term liabilities | | | | | |
| Net pension liability- MERS | 2,265,147 | - | (597,806) | 1,667,341 | - |
| Net pension liability | 1,212,159 | 1,080,603 | - | 2,292,762 | - |
| OPEB obligations | 3,810,964 | 545,482 | (496,200) | 3,860,246 | - |
| Compensated absences | 1,228,303 | 173,198 | (147,043) | 1,254,458 | 563,917 |
| Total governmental activities, long-term liabilities | <u>\$ 36,939,715</u> | <u>\$ 1,799,283</u> | <u>\$ (4,162,057)</u> | <u>\$ 34,576,941</u> | <u>\$ 3,373,917</u> |

* Restated for implementation of GASB No. 68

A schedule of long-term debt as of June 30, 2015 is presented as follows:

| <u>Description</u> | <u>Principal Amount Payable</u> |
|---|---|
| Bonds: | |
| \$7,700,000 of Refunding bonds issued March 15, 2004, maturing June 30, 2021, at interest rates ranging from 1.5 to 4.05% | \$ 3,050,000 |
| \$914,000 of School bonds issued June 1, 2008, maturing June 1, 2023, at interest rates ranging from 3.5 to 4.13% | 480,378 |
| \$5,056,000 of Town Infrastructure bonds issued June 1, 2008, maturing June 1, 2023, at interest rates ranging from 3.5 to 4.13% | 2,684,736 |
| \$710,000 of Athletic Facilities bonds issued June 1, 2008, maturing June 1, 2023, at interest rates ranging from 3.5 to 4.13% | 374,886 |
| \$3,684,000 of School Improvements bonds issued June 8, 2010 maturing June 1, 2030, at interest rates ranging from 0.5% to 5.0% | 2,750,907 |
| \$3,046,000 of Town Infrastructure bonds issued June 8, 2010, maturing June 1, 2030, at interest rates ranging from 2.75% to 5.0% | 2,279,093 |
| \$598,000 of School Improvements bonds issued April 18, 2013 maturing April 15, 2023 at interest rates ranging from 0.52% to 2.15%. | 545,600 |
| \$3,787,000 of Town Improvements and Equipment bonds issued April 18, 2013, maturing April 15, 2023 at an interest rates ranging from 0.52% to 2.15%. | 3,454,400 |
| \$9,690,000 of Refunding bonds issued April 18, 2013, maturing April 15, 2023 at interest rates ranging from 0.37% to 2.15% | 8,000,000 |
| | <u>\$ 23,620,000</u> |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2016 | \$ 2,810,000 | \$ 922,951 | \$ 3,732,951 |
| 2017 | 2,800,000 | 816,841 | 3,616,841 |
| 2018 | 2,785,000 | 713,081 | 3,498,081 |
| 2019 | 2,785,000 | 604,056 | 3,389,056 |
| 2020 | 2,775,000 | 493,421 | 3,268,421 |
| 2021-2025 | 7,990,000 | 1,014,766 | 9,004,766 |
| 2026-2030 | 1,675,000 | 199,997 | 1,874,997 |
| | <u>\$ 23,620,000</u> | <u>\$ 4,765,113</u> | <u>\$ 28,385,113</u> |

Prior year defeasance: In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's government-wide financial statements. As of June 30, 2015, the amount of defeased debt outstanding, but removed from the Town's government-wide financial statements was approximately \$11,575,000.

Overlapping debt: As explained in Note 1, the Cromwell Fire District (including the Water Division) and the Mattabasset District have been empowered by the State of Connecticut to issue bonds in their own name. The Fire and Mattabasset Districts had overlapping debt in the amount of \$5,300,000 and \$5,562,766 as of June 30, 2015, respectively.

Debt limitation: The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

| <u>Category</u> | <u>Debt Limit</u> | <u>Net Indebtedness</u> | <u>Balance</u> |
|-----------------|-------------------|-------------------------|----------------|
| General purpose | \$ 96,465,062 | \$ 19,241,400 | \$ 77,223,662 |
| Schools | 192,930,125 | 15,050,924 | 177,879,201 |
| Sewers | 160,775,104 | 5,562,766 | 155,212,338 |
| Urban renewal | 139,338,423 | - | 139,338,423 |
| Pension deficit | 128,620,083 | - | 128,620,083 |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$300,113,527.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

Authorized but unissued: A summary of bonds authorized but unissued is presented below:

| | Amount Authorized | Bonds Issued | Grants Received | Authorized But Unissued |
|---|----------------------|----------------------|---------------------|----------------------------|
| Town Infrastructure and Facility Improvements | \$ 5,311,000 | \$ 5,056,000 | \$ - | \$ 255,000 |
| Recreation Athletic Facilities | 825,000 | 710,000 | - | 115,000 |
| School Roof Replacement/Asbestos Project | 7,167,000 | 3,684,000 | 2,602,676 | 880,324 |
| Public Safety Improvements | 1,085,000 | 910,000 | - | 175,000 |
| Town Infrastructure & Facility Improvements | 2,916,000 | 2,518,000 | - | 398,000 |
| Public Works Equipment Acquisition | 475,000 | 359,000 | - | 116,000 |
| School Improvements | 781,000 | 598,000 | - | 183,000 |
| Willowbrook Road | 3,250,000 | - | - | 3,250,000 |
| | <u>\$ 21,810,000</u> | <u>\$ 13,835,000</u> | <u>\$ 2,602,676</u> | <u>\$ 5,372,324</u> |

Compensated absences: Included in the long-term obligations in the government-wide statement of net position is the estimated obligation for employee compensated absences in the amount of \$1,254,458 as of June 30, 2015. The general fund has typically been used to liquidate the liability for compensated absences.

Note 7. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance except dental. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a, et seq., of Connecticut General Statutes, for workers' compensation first dollar coverage.

The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 7. Risk Management (Continued)

The Town established a self-insurance fund in 2011, the Dental Insurance Fund (Internal Service Fund). The Dental Insurance Fund is used to account for dental insurance coverage of Town and Cromwell Fire and Water District employees. Anthem, a fully qualified, third party administrator, is the current administrator of the program and calculates the liability at year-end. As employee claims are processed and certified for payment by the third party administrator, payment is made out of the Dental Insurance Fund. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the year ended June 30, 2015 is presented below:

| Fiscal Year Ended | Claims Payable July 1 | Current Year Claims and Changes in Estimates | Claims Paid | Claims Payable June 30 |
|----------------------|-----------------------------|---|----------------|------------------------------|
| June 30, 2015 | \$ 12,000 | \$ 320,960 | \$ (317,960) | \$ 15,000 |
| June 30, 2014 | 13,137 | 305,736 | (306,873) | 12,000 |

Note 8. Employee Retirement Systems and Pension Plans

Plan description: The Town of Cromwell is the administrator of a single-employer public employee retirement system (PERS) established and administered by the town to provide benefits that covers the employees of the Town, except full-time policemen (covered by the State of Connecticut Municipal Employees Retirement Fund) and certified teachers (covered by the State of Connecticut Teachers' Retirement System). The PERS is considered to be part of the Town of Cromwell's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The Plan was established by Town Meeting. The PERS does not issue a standalone report. Benefits and refunds of post-employment defined plans are recognized when due and payable in accordance with the terms of the Plan. The Town's General Fund contributes an amount as recommended by their Actuary to fund the net pension obligations.

The Town provides all employees retirement benefits through a single-employer, contributory, defined benefit plan. Under the plan, all full-time employees are eligible except for police officers and teachers. Employees are 100 percent vested after ten years of service. The retirement benefit is calculated at 1-1/2% of average annual compensation during the highest three consecutive years of service multiplied by years of credited service. Normal retirement age is sixty-two or five years of participation in the plan, whichever is later. If an employee leaves covered employment or dies before 10 years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by the Town, via negotiated contracts, and may be amended only by the approval of the Board of Selectmen, and as agreed upon with the appropriate bargaining unit.

The general administration and management of the Town pension plan and the responsibility for carrying out the provision of the plan shall be placed in the Town Retirement Board. This board shall be made up of five members consisting of the following officials of the Town of Cromwell: Mayor, Town Manager, Town Finance Director/Town Treasurer; the Business Manager from the Board of Education; and the Executive Director of the Cromwell Fire District.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

The membership of the plan consisted of the following at July 1, 2014 the date of the latest actuarial valuation:

| | |
|--|-------------------|
| Retirees and beneficiaries currently receiving benefits | 60 |
| Terminated Plan members entitled to benefits but not yet receiving them | 16 |
| Terminated Plan members entitled to a refund but have elected to defer receipt | 25 |
| Current Plan members | 176 |
| Total | <u><u>277</u></u> |

Funding policy: Each participant is required to contribute 2.5% of their salary to the PERS. The Town's funding policy provides for periodic employer contributions at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due. Contributions and benefits are defined and may be amended by ordinance approved by the Town Meeting. Administrative costs are financed through General Fund appropriations.

Trust Funds
Schedule of Plan Net Position
June 30, 2015

| | Pension Trust | OPEB Trust Fund | Total |
|---------------------------------------|----------------------|--------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 605,671 | \$ 298,482 | \$ 904,153 |
| Investments: | | | |
| Asset and mortgage backed securities | 174,792 | - | 174,792 |
| Corporate bonds | 1,951,591 | - | 1,951,591 |
| Government bonds | 3,675,855 | - | 3,675,855 |
| Foreign bonds | 48,012 | - | 48,012 |
| Mutual Funds | - | 110,907 | 110,907 |
| Common stock | 14,287,571 | - | 14,287,571 |
| Total investments | <u>20,137,821</u> | <u>110,907</u> | <u>20,248,728</u> |
| Total assets | <u>20,743,492</u> | <u>409,389</u> | <u>21,152,881</u> |
| Restricted - Plan net position | <u>\$ 20,743,492</u> | <u>\$ 409,389</u> | <u>\$ 21,152,881</u> |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Trust Funds

Schedule of Changes in Plan Net Position

For the Year Ended June 30, 2015

| | Pension Trust | OPEB Trust Fund | Total |
|--|----------------------|--------------------|----------------------|
| Additions | | | |
| Contributions: | | | |
| Employer | \$ 704,153 | \$ 170,000 | \$ 874,153 |
| Plan members | 235,516 | - | 235,516 |
| Total contributions | 939,669 | 170,000 | 1,109,669 |
| Investment gain: | | | |
| Net appreciation in fair value of investments | 638,244 | 2,073 | 640,317 |
| Interest and dividends | - | - | - |
| | 638,244 | 2,073 | 640,317 |
| Less investment expense | (229,564) | - | (229,564) |
| Net investment gain | 408,680 | 2,073 | 410,753 |
| | 1,348,349 | 172,073 | 1,520,422 |
| Deductions | | | |
| Benefits | 775,667 | - | 775,667 |
| Administrative expenses | - | 1,363 | 1,363 |
| Total deductions | 775,667 | 1,363 | 777,030 |
| Change in plan net position | 572,682 | 170,710 | 743,392 |
| Restricted- Plan Net Position, Beginning of Year | 20,170,810 | 238,679 | 20,409,489 |
| Restricted- Plan Net Position, End of Year | \$ 20,743,492 | \$ 409,389 | \$ 21,152,881 |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Investments:

Investment policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2015.

| <u>Asset Class</u> | <u>Pension Funds Allocation %</u> |
|----------------------|---------------------------------------|
| U.S. Large Cap Core | 30% |
| U.S. Mid Cap Core | 10% |
| U.S. Small Cap Core | 7% |
| International Equity | 13% |
| REIT Equity | 5% |
| Taxable Fixed Income | 35% |

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability of the Town: The components of the net pension liability of the Town at June 30, 2015 were as follows:

| <u>Net Pension Liability</u> | <u>June 30, 2015</u> |
|--|----------------------|
| Total Pension Liability | \$ 23,081,623 |
| Plan Fiduciary Net Position | \$ 20,788,861 |
| Net Pension Liability | \$ 2,292,762 |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 90% |

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|---|
| Valuation Date | 7/01/13 |
| Actuarial Method | Projected Unit Credit Cost Method |
| Amortization Method | Level Dollar Amount |
| Remaining Amortization Period | 20 years – Open |
| Asset Value Method | Expected actuarial value plus/minus 20% of the difference between market value |

- Inflation: 3.00%
- Salary Increases: 5.00% (3.5% cost-of living, 1.5% steps)
- Investment Return: 7.5%, compounded annually, net of investment expenses
- Actuarial Funding Method: Entry Age Normal

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustments, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

The total pension liability was determined by an actuarial valuation as of July 1, 2013, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2015. There have been no significant changes between the valuation date and the fiscal year end.

Discount rate: The discount rate used to measure the total pension liability was 7.1%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2013, and the final investment return assumption, are summarized in the following table:

Target Allocation and Expected Rate of Return
June 30, 2015

| | Target Allocation | Long-Term | |
|---------------------------------|----------------------|---------------------------------|--------------|
| | | Expected Real Rate of Return | Weighting |
| U.S. Large Cap Core | 30.00% | 6.25% | 1.88% |
| U.S. Mid Cap Core | 10.00% | 7.25% | 0.73% |
| U.S. Small Cap Core | 7.00% | 8.00% | 0.56% |
| International equity | 13.00% | 6.75% | 0.88% |
| REITs | 5.00% | 5.75% | 0.29% |
| Taxable fixed income | 35.00% | 1.15% | 0.40% |
| | 100.00% | | 4.74% |
| Long-term inflation expectation | | | 3.00% |
| | | | <u>7.74%</u> |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Town, calculated using the discount rate of 7.10%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

| | 1% Decrease 6.10% | Current Discount Rate 7.10% | 1% Increase 8.10% |
|-----------------------|----------------------|-----------------------------------|----------------------|
| Net pension liability | \$ 5,115,138 | \$ 2,292,762 | \$ (98,645) |

For the fiscal year ended June 30, 2015, the recognized pension expense is \$946,676. As of June 30, 2015, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|--|--------------------------------------|-------------------------------------|-------------------|
| Differences between expected and actual experience | \$ - | \$ (1,973,171) | \$ (1,973,171) |
| Changes of assumptions | 1,904,717 | - | 1,904,717 |
| Net difference between projected and actual earnings on pension plan investments | 906,534 | - | 906,534 |
| Total | <u>\$ 2,811,251</u> | <u>\$ (1,973,171)</u> | <u>\$ 838,080</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ended June 30,

| | |
|------------|----------------|
| 2016 | \$ 216,568 |
| 2017 | 216,568 |
| 2018 | 216,568 |
| 2019 | 216,566 |
| 2020 | (10,066) |
| Thereafter | (18,124) |
| | <u>838,080</u> |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Municipal employees' retirement fund

Plan description: Certain employees of the Town participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Connecticut Employees' Retirement System (MERS). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

Benefit provisions: Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

Average final compensation: Average of the three highest paid years of service.

Normal form of benefit: life annuity.

Year's breakpoint: With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. For 2014, the breakpoint is \$69,200.

Service retirement allowance:

Condition for allowance: Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

Amount of allowance: For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include Workers Compensation and Social Security benefits. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

Disability retirement allowance:

Condition for allowance: 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the Municipality.

Amount of allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Service connected disability:

Condition for allowance: Totally and permanently disabled from engaging in any gainful employment in the service of the Municipality provided such disability has arisen out of and in the course of his/her employment with the Municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty.

Amount of allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including Worker's Compensation benefits) of 50% of compensation at the time of the disability.

Vesting retirement allowance:

Condition for allowance: 5 years of continuous or 15 years of active aggregate service.

Amount of allowance: Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Death benefit:

Condition for benefit: Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

Amount of benefit: Computed on the basis of the member's average final compensation and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

Return of deductions: Upon the withdrawal of a member the amount of his accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

Optional benefits: Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the optional forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of his retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death an allowance of one half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

Cost-of-living adjustment: For those retired prior to January 1, 2002: (i) The benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring in or after January 1, 2002, benefits are adjusted each July 1. The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Contributions by members: For members not covered by Social Security: 5% of compensation. For members covered by the Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

By Municipalities - Participating Municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the System not met by member contributions.

Assumptions: The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|--|
| Valuation date | 7/1/2014 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level dollar, closed |
| Remaining amortization period | 27 years |
| Asset valuation method | 5-year smoothed market with 20% recognition of investment gains and losses |
| Investment rate return* | 8.00%, net of investment related expense |
| Projected salary increases* | 4.25-11.00% |
| Social Security Wage Base | 3.50% |
| * Includes inflation at 3.25% | |
| Mortality | The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females). For disabled retirees, the same table is used, adjusted with the male table set forward five years and the female table set forward one year. |

The long-term expected rate of return: the long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

The annual money weighted rate of return net of investment expenses measured on monthly inputs was 7.32%.

| Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|---|-------------------|-----------------------------------|
| Mutual Equity Fund | 16% | 5.8% |
| Developed Market International Stock Fund | 14% | 6.6% |
| Emerging Market International Stock Fund | 7% | 8.3% |
| Core Fixed Income Fund | 8% | 1.3% |
| Inflation Linked Bond Fund | 5% | 0.0% |
| Emerging Market Debt Fund | 8% | 3.7% |
| High Yield Bond Fund | 14% | 3.9% |
| Real Estate Fund | 7% | 5.1% |
| Private Equity | 10% | 7.6% |
| Alternative Investments | 8% | 4.1% |
| Liquidity Fund | 3% | 1.4% |
| | 100.00% | |

Discount rate: the discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability of the Town's proportionate share, calculated using the discount rate of 8.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate (\$ thousands):

| | 1% Decrease 7.00% | Current Discount Rate 8.00% | 1% Increase 9.00% |
|---|-------------------------|-----------------------------------|-------------------------|
| Town's proportionate share of the net pension liability | \$ 3,421,641 | \$ 1,667,341 | \$ 206,183 |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2015, the Town reported a liability of \$1,667,341 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014, the Town's proportion was 6.90%

For the year ended June 30, 2015, the Town recognized pension expense of \$(190,581). At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|--|-----------------------------------|----------------------------------|------------------|
| Contributions subsequent to measurement date | \$ 493,476 | \$ - | \$ 493,476 |
| Net difference between projected and actual earnings on pension plan investments | - | (476,912) | (476,912) |
| Total | \$ 493,476 | \$ (476,912) | \$ 16,564 |

\$493,476 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016.

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,

| | |
|------------|------------------|
| 2016 | \$ 374,248 |
| 2017 | (119,228) |
| 2018 | (119,228) |
| 2019 | (119,228) |
| 2020 | - |
| Thereafter | - |
| | <u>\$ 16,564</u> |

Connecticut state teachers' retirement system:

Description of system: Certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. The Town has no liability associated with the State Teachers' Retirement System.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System.

For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$3,355,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability related to the System.

Benefits provided: The benefits provided to participants by the System are as follows:

Normal benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

Minimum benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z. The Town is not required to contribute to the Plan.

Eligible employees are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2014/2015 school year, \$964,278 mandatory contributions were deducted from the salaries of the eligible employees who were participants of the System during that school year. The estimated covered payroll for the Town is \$13,300,000.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Actuarial assumptions: The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

| | |
|---|-------------------|
| Inflation | 3.00 percent |
| Salary increases, including inflation | 3.75-7.00 percent |
| Long-term investment rate of return, net of pension investment expense, including inflation | 8.50 percent |

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|-----------------------------|-------------------|-----------------------------------|
| Large cap U.S. Equities | 21% | 7.3% |
| Developed non-U.S. equities | 18% | 7.5% |
| Emerging markets (non-U.S.) | 9% | 8.6% |
| Core Fixed Income Fund | 7% | 1.7% |
| Inflation Linked Bond Fund | 3% | 1.3% |
| Emerging Market Debt Fund | 5% | 4.8% |
| High Yield Bond Fund | 5% | 3.7% |
| Real Estate Fund | 7% | 5.9% |
| Private Equity | 11% | 10.9% |
| Alternative Investments | 8% | 0.7% |
| Liquidity Fund | 6% | 0.4% |
| | 100% | |

Discount rate: The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate: The following presents the State's proportionate share of the net pension liability associated with the Town, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

| | 1% Decrease 7.50% | Current Discount Rate 8.50% | 1% Increase 9.50% |
|---|----------------------|-----------------------------------|----------------------|
| State's share of NPL associated with the Town | \$ 43,411,177 | \$ 34,017,535 | \$ 26,032,661 |

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$34,017,535 and 100% of the net pension liability is allocated to the State.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2015, the Town recognized \$3,182,000 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 9. Other Post-Employment Benefits

Other Post-Employment Benefits

In addition to providing pension benefits, various Town employee agreements provide for a portion of health insurance coverage or subsidized coverage to retired employees. These benefits are negotiated through union contracts, personnel policies, and/or individual employment agreements.

Post-retirement benefits: From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the Town recognizes the cost of postemployment healthcare in the year when the employee services are received, disclosed the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

Plan description and funding policy: The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2013. The post-retirement plan does not issue stand-alone financial reports.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Method.

Membership in the plan consisted of the following at July 1, 2013, the date of the last actuarial valuation.

| | |
|---|-------------------|
| Retirees and beneficiaries receiving benefits | 52 |
| Active plan members | 400 |
| Total | <u><u>452</u></u> |

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Town's contributions represent payments made for premiums for insured individuals on a pay-as-you-go method.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|------------------------|--|---------------------|
| 6/30/13 | \$ 751,880 | 405,200 | 54% | \$ 3,467,152 |
| 6/30/14 | 760,812 | 417,000 | 55% | 3,810,964 |
| 6/30/15 | 545,482 | 496,200 | 91% | 3,860,246 |

OPEB obligation:

| | |
|--|----------------------------|
| Annual required contribution (ARC) | \$ 597,900 |
| Interest on net pension obligation | 171,493 |
| Adjustment to ARC | (223,911) |
| Annual OPEB cost | <u>545,482</u> |
| Contributions made | <u>(496,200)</u> |
| Increase in net OPEB liability | 49,282 |
| Net OPEB obligation, beginning of year | <u>3,810,964</u> |
| Net OPEB obligation, end of year | <u><u>\$ 3,860,246</u></u> |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

Schedule of funding progress - OPEB:

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded AAL | Funded Ratio | Covered Payroll (Total) | UAAL as a Percentage of Payroll Covered |
|--------------------------|---------------------------|-----------------------------|--------------|--------------|-------------------------|---|
| 7/1/2013 | \$ 96,200 | \$ 6,196,300 | \$ 6,100,100 | 2% | \$ 24,434,000 | 25% |

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing overtime relative to AALs for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

| | |
|-------------------------------|-----------------------|
| Valuation Date: | July 1, 2013 |
| Actuarial Cost Method: | Projected Unit Credit |
| Asset Valuation Method: | Market Value |
| Amortization Method: | Level dollar, Open |
| Remaining Amortization Period | 30 Years |
| Actuarial Assumptions: | |
| Discount rate | 5% |
| Salary increase rate | N/A |
| Inflation rate | None |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

Health cost trend rates

Average annual healthcare cost trend rates are assumed to be as follows:

| Year | Decrease |
|-----------------|----------|
| 2013 | 9% |
| 2014 | 8.5% |
| 2015 | 8% |
| 2016 | 7.5% |
| 2017 | 7% |
| 2018 | 6.5% |
| 2019 | 6% |
| 2020 | 5.5% |
| 2021 and beyond | 5% |

Note 10. Litigation and Contingencies

The Town of Cromwell, its officers, employees, boards and commissions are defendants in a number of lawsuits. It is the opinion of Town Officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

The government participates in various federal grant programs, which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 11. Fund Balance

The Town follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which established accounting and financial reporting standards for governmental funds. Below is a table of fund balance categories and classifications at June 30, 2015 for the Town governmental funds:

| | General Fund | Sewer Usage | Capital Projects | Nonmajor Governmental Funds |
|---------------------------|-----------------|----------------|---------------------|-----------------------------------|
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Inventory/prepaid | \$ - | \$ - | \$ - | \$ 29,002 |
| Permanent fund principal | - | - | - | 56,237 |
| Total nonspendable | - | - | - | 85,239 |
| Restricted: | | | | |
| Social Services | - | - | - | 74,256 |
| Parks and Recreation | - | - | 173,224 | 146,429 |
| Education | - | - | 68,391 | 150,377 |
| Economic Development | - | - | 1,222,484 | 2,233 |
| Public Works | - | - | 810,835 | 11,602 |
| Public Health | - | - | - | 4,166 |
| Library | - | - | - | 49,816 |
| Public Safety | - | - | 49,147 | 52,332 |
| Other capital projects | - | - | - | 26,364 |
| Other purposes | - | - | - | 82 |
| Total restricted | - | - | 2,324,081 | 517,657 |
| Committed: | | | | |
| Capital Outlay | 1,005,793 | - | 159,408 | 27,098 |
| Public Safety | - | - | 175,493 | 288,150 |
| Parks and Recreation | - | - | 41,000 | 4,344 |
| Planning and Zoning | - | - | - | 458,961 |
| Public Works | - | 1,734,970 | 2,176 | - |
| Total committed | 1,005,793 | 1,734,970 | 378,077 | 778,553 |
| Assigned: | | | | |
| Human Service | - | - | 8,023 | - |
| General government | - | - | 24,796 | - |
| Public Safety | - | - | 101,651 | - |
| Public Works* | 50,402 | - | 1,344,492 | - |
| Total assigned | 50,402 | - | 1,478,962 | - |
| Unassigned: | 7,730,698 | - | - | - |
| Total fund balance | \$ 8,786,893 | \$ 1,734,970 | \$ 4,181,120 | \$ 1,381,449 |

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 12. Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
 - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
 - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
 - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 12. Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

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**Required Supplementary
Information – unaudited**

Required Supplementary Information - unaudited
Schedule of Funding Progress - OPEB and Schedule of Employer Contributions - OPEB
June 30, 2015

Schedule of Funding Progress - OPEB

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded AAL | Funded Ratio | Covered Payroll (Total) | UAAL as a Percentage of Payroll Covered |
|--------------------------|---------------------------|-----------------------------|--------------|--------------|-------------------------|---|
| 7/1/2007 | \$ - | \$ 9,693,000 | \$ 9,693,000 | 0.00% | \$ 20,192,000 | 48% |
| 7/1/2009 | - | 8,478,600 | 8,478,600 | 0.00% | 20,257,000 | 42% |
| 7/1/2011 | - | 8,143,800 | 8,143,800 | 0.00% | 20,594,000 | 40% |
| 7/1/2013 | 96,200 | 6,196,300 | 6,100,100 | 1.58% | 24,434,000 | 25% |

Schedule of Employer Contributions - OPEB

| Fiscal Year Ended | Annual Required Contribution | Percentage Contributed |
|-------------------|------------------------------|------------------------|
| 6/30/10 | \$ 1,170,761 | 14.90% |
| 6/30/11 | 870,192 | 29.00% |
| 6/30/12 | 886,430 | 34.00% |
| 6/30/13 | 794,800 | 51.00% |
| 6/30/14 | 808,500 | 51.58% |
| 6/30/15 | 597,900 | 82.96% |

**Required Supplementary Information - unaudited
Schedule of Investment Returns- Defined Benefit Plan
June 30, 2015**

| | 2015 | 2014 |
|---|-------------|-------------|
| Annual money-weighted rate of return, net of investment income | 1.89% | 14.76% |

Required Supplementary Information- unaudited
 Schedule of Employer Contributions - Defined Benefit Plan
 June 30, 2015

| | <i>Schedule of Contributions - Pension</i> | | | | | | | | | |
|---|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Actuarially determined contribution | \$ 704,153 | \$ 663,086 | \$ 732,759 | \$ 711,591 | \$ 684,425 | \$ 561,057 | \$ 535,942 | \$ 508,573 | \$ 489,073 | \$ 395,213 |
| Contributions in relation to the actuarially determined contribution | 704,153 | 663,086 | 732,759 | 711,591 | 684,425 | 561,057 | 535,942 | 508,573 | 489,073 | 395,213 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered- employee payroll | 9,153,162 | 8,974,085 | 8,546,748 | 8,952,815 | 8,558,671 | 8,546,104 | 8,167,574 | 7,632,619 | 7,253,847 | 7,007,529 |
| Contributions as a percentage of covered-employee payroll | 7.69% | 7.39% | 8.57% | 7.95% | 8.00% | 6.57% | 6.56% | 6.66% | 6.74% | 5.64% |

Required Supplementary Information - unaudited
Schedule of Changes in the Town's Net Position Liability and Related Ratios- Defined Benefit Plan
Last Two Fiscal Years
June 30, 2015

| | 2015 | 2014 |
|--|---------------------|---------------------|
| Changes in Net Pension Liability | | |
| Total Pension Liability | | |
| Service cost | \$ 844,396 | \$ 804,187 |
| Interest on total pension liability | 1,642,818 | 1,522,557 |
| Effect of economic/demographic gains or (losses) | (2,263,343) | - |
| Effect of assumption changes or inputs | 2,184,823 | - |
| Benefit payments | (760,080) | (766,744) |
| Net change in total pension liability | <u>1,648,614</u> | <u>1,560,000</u> |
| Total Pension Liability, Beginning | <u>21,433,009</u> | <u>19,873,009</u> |
| Total pension liability, ending (a) | <u>23,081,623</u> | <u>21,433,009</u> |
| Fiduciary Net Position | | |
| Employer contributions | \$ 704,153 | \$ 663,086 |
| Member contributions | 235,516 | 239,118 |
| Investment income net of investment expenses | 389,952 | 2,629,667 |
| Benefit payments | (760,080) | (766,744) |
| Administrative expenses | (1,530) | (1,530) |
| Net change in plan fiduciary net position | <u>568,011</u> | <u>2,763,597</u> |
| Fiduciary Net Position, Beginning | <u>20,220,850</u> | <u>17,457,253</u> |
| Fiduciary net position, ending (b) | <u>20,788,861</u> | <u>20,220,850</u> |
| Net pension liability, ending = (a) - (b) | <u>\$ 2,292,762</u> | <u>\$ 1,212,159</u> |
| Fiduciary net position as a % of total pension liability | 90.07% | 94.34% |
| Covered payroll | \$ 9,153,162 | \$ 8,974,085 |
| Net pension liability as a % of covered payroll | 25.05% | 13.51% |

Town of Cromwell, Connecticut

RSI-5

**Required Supplementary Information - unaudited
Schedule of Contributions- MERS Pension Plan
June 30, 2015**

| | 2014 |
|--|----------------------------|
| Actuarially Determined Contribution | \$ 423,789 |
| Contributions in Relation to the Actuarially Determined Contribution | <u>423,789</u> |
| Contribution deficiency (excess) | <u><u>\$ -</u></u> |
| Covered-employee Payroll | <u><u>\$ 2,762,664</u></u> |
| Contributions as a Percentage of Covered-employee Payroll | 15.34% |

Town of Cromwell, Connecticut

**Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability –
Municipal Employees' Retirement System
For the Year Ended June 30, 2015**

| | 2015 |
|--|----------------------------|
| Town's proportion of the net pension liability | 6.894 |
| Town's proportionate share of the net pension liability | \$ 1,667,341 |
| Town's covered-employee payroll | <u><u>\$ 2,762,664</u></u> |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | <u><u>60.35%</u></u> |
| System fiduciary net position as a percentage of the total pension liability | <u><u>90.48%</u></u> |

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan
June 30, 2015

| | 2015 |
|---|---------------|
| Town's proportion of the net pension liability | 0.00% |
| Town's proportionate share of the net pension liability | \$ - |
| State's proportionate share of the net pension liability associated with the Town | \$ 34,017,535 |
| Town's covered-employee payroll | 13,300,000 |
| Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 61.51% |

Notes to Schedule

| | |
|-------------------------------|--|
| Changes in benefit terms | None |
| Changes of assumptions | During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010. |
| Actuarial cost method | Entry age |
| Amortization method | Level percent of salary, closed |
| Remaining amortization period | 22.4 years |
| Asset valuation method | 4-year smoothed market |

Required Supplementary Information - Unaudited
Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual - General Fund
For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|-------------------|-------------------|------------------------------|---|
| | Original | Final | | |
| Property Taxes | | | | |
| Current taxes | \$ 39,008,380 | \$ 39,008,380 | \$ 39,112,555 | \$ 104,175 |
| Prior year's levies | 180,000 | 180,000 | 284,972 | 104,972 |
| Interest and liens | 90,000 | 90,000 | 271,282 | 181,282 |
| Motor vehicle supplement - current year | 230,000 | 230,000 | 297,533 | 67,533 |
| Miscellaneous | - | - | 760 | 760 |
| Total property taxes | 39,508,380 | 39,508,380 | 39,967,102 | 458,722 |
| Licenses and Permits | | | | |
| Building Department | 120,000 | 120,000 | 175,346 | 55,346 |
| Food licenses | 22,000 | 22,000 | 19,300 | (2,700) |
| Health Department- Plan review | 1,050 | 1,050 | 1,175 | 125 |
| Gun permits | 4,000 | 4,000 | 5,817 | 1,817 |
| Game/peddler permits | 300 | 300 | 3,085 | 2,785 |
| Transfer Station | 15,000 | 15,000 | 14,496 | (504) |
| Health Department | - | - | 5,030 | 5,030 |
| Total licenses and permits | 162,350 | 162,350 | 224,249 | 61,899 |
| Fines and Forfeitures | | | | |
| Parking tickets/ACO citations | 4,000 | 4,000 | 10,926 | 6,926 |
| Charges for Services | | | | |
| Conveyance taxes | 151,000 | 151,000 | 194,348 | 43,348 |
| Recording fees | 93,000 | 93,000 | 93,817 | 817 |
| Vital statistics | 15,500 | 15,500 | 15,969 | 469 |
| Police outside services - cruiser use | 12,000 | 12,000 | 29,210 | 17,210 |
| Copying | 17,500 | 17,500 | 14,496 | (3,004) |
| Police copying and lab fees | 1,000 | 1,000 | 1,771 | 771 |
| Library Department | 10,000 | 10,000 | 10,550 | 550 |
| Alarm registration and fees | 7,000 | 7,000 | 8,875 | 1,875 |
| Youth Service Department | 4,460 | 4,460 | 1,910 | (2,550) |
| Senior Services Department | 4,500 | 4,500 | 693 | (3,807) |
| Recreation Department | - | - | 50 | 50 |
| Communication Tower Income | 40,000 | 40,000 | 40,000 | - |
| Planning and Zoning | 2,600 | 2,600 | 8,662 | 6,062 |
| Zoning Board of Appeals | 300 | 300 | 1,326 | 1,026 |
| Animal Control Municipal Citations | 1,000 | 1,000 | 975 | (25) |
| Inland-Wetlands | 800 | 800 | 2,420 | 1,620 |
| Total charges for services | 360,660 | 360,660 | 425,072 | 64,412 |
| Total licenses and permits, fines and forfeitures, and charges for goods and services | 527,010 | 527,010 | 660,247 | 133,237 |

(Continued)

Required Supplementary Information - Unaudited
 Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual - General Fund (Continued)
 For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|-------------------|-------------------|------------------------------|---|
| | Original | Final | | |
| Intergovernmental Funds | | | | |
| State of Connecticut: | | | | |
| Elderly tax relief: | | | | |
| Circuit Breaker | \$ 75,000 | \$ 75,000 | \$ 72,980 | \$ (2,020) |
| Tax relief - disability | - | - | 877 | 877 |
| Tax relief - veterans | 3,500 | 3,500 | 4,031 | 531 |
| State owned property - PILOT | 19,236 | 19,236 | 19,754 | 518 |
| College and university - PILOT | 57,794 | 57,794 | 57,827 | 33 |
| Education: | | | | |
| Adult and Vocational Education | 10,412 | 10,412 | 10,862 | 450 |
| Education Cost Sharing | 4,499,307 | 4,499,307 | 4,545,886 | 46,579 |
| School Transportation | 33,600 | 33,600 | 34,465 | 865 |
| Mohegan/Pequot Grant | 43,717 | 43,717 | 44,990 | 1,273 |
| Emergency Management | 5,500 | 5,500 | 790 | (4,710) |
| Judicial Department | 5,000 | 5,000 | 8,768 | 3,768 |
| Senior/Disabled Grant | 15,000 | 15,000 | 17,980 | 2,980 |
| Miscellaneous | 35,566 | 35,566 | 8,520 | (27,046) |
| Municipal Video Grant AT&T | 29,249 | 29,249 | 29,249 | - |
| Total State of Connecticut | 4,832,881 | 4,832,881 | 4,856,979 | 24,098 |
| Total intergovernmental revenues | 4,832,881 | 4,832,881 | 4,856,979 | 24,098 |
| Use of Money | | | | |
| Interest on investments | 20,000 | 20,000 | 35,596 | 15,596 |
| Miscellaneous Revenues | | | | |
| Town Clerk | 3,100 | 3,100 | 1,954 | (1,146) |
| Use of Facilities | 2,000 | 2,000 | 14,679 | 12,679 |
| Sewer usage | 31,145 | 31,145 | 31,145 | - |
| Building Inspection | 40 | 40 | 95 | 55 |
| Assessor's Office | 600 | 600 | 1,030 | 430 |
| Health Dept. Misc. | - | - | 1,400 | 1,400 |
| Telecommunication - PILOT | - | - | 33,490 | 33,490 |
| Mattabassett - PILOT | 100,000 | 100,000 | 100,000 | - |
| Public Works | 300 | 300 | 460 | 160 |
| Police | 6,000 | 6,000 | 8,290 | 2,290 |
| Other miscellaneous revenue - Town | 12,000 | 12,000 | 146,090 | 134,090 |
| Board of Education miscellaneous | 2,000 | 2,000 | 4,505 | 2,505 |
| Fire District Fees | 45,782 | 45,782 | 45,782 | - |
| SRO - Board of Education | 54,000 | 54,000 | 56,871 | 2,871 |
| Utilization of fund balance | 161,500 | 161,500 | - | (161,500) |
| Total miscellaneous revenues | 418,467 | 418,467 | 445,791 | 27,324 |
| Total revenues | 45,306,738 | 45,306,738 | 45,965,715 | 658,977 |

(Continued)

Required Supplementary Information - Unaudited
Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|----------------------|----------------------|------------------------------|---|
| | Original | Final | | |
| Other Financing Sources | | | | |
| Transfers in: | | | | |
| Capital Projects Fund | \$ - | \$ - | \$ 4,612 | \$ 4,612 |
| Town Aid Road Fund | 276,637 | 276,637 | 277,817 | 1,180 |
| Youth Service Grant Fund | 14,000 | 14,000 | 14,000 | - |
| STEAP Fund | - | - | 26,776 | 26,776 |
| Outside Services Fund | 55,000 | 55,000 | 127,339 | 72,339 |
| Total other financing sources | 345,637 | 345,637 | 450,544 | 104,907 |
| Total budgeted revenues and transfers | \$ 45,652,375 | \$ 45,652,375 | 46,416,259 | \$ 763,884 |

Budgetary revenues are different than GAAP revenues because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers Retirement System for Town teachers are not budgeted

3,355,000

Reclassified to General Fund, as funds were previously reported as Special Revenue Fund, and no longer meet the definition in accordance with GASB 54

338,748

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 50,110,007

See Notes to Required Supplementary Information.

Required Supplementary Information - Unaudited
 Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
 Actual - General Fund
 For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|-------------------------------|-----------------|----------------|------------------------------|---|
| General Government | | | | |
| First Selectman: | | | | |
| Salaries | \$ 284,577 | \$ 178,799 | \$ 178,733 | \$ 66 |
| Departmental expense | 9,800 | 7,788 | 7,646 | 142 |
| Part-time wages | 1 | 7,279 | 7,278 | 1 |
| Town Guide and annual reports | 5,000 | 5,000 | 1,930 | 3,070 |
| Total | 299,378 | 198,866 | 195,587 | 3,279 |
| Town Clerk: | | | | |
| Salaries | 175,398 | 196,634 | 196,585 | 49 |
| Part-time wages | 10,746 | 68 | 67 | 1 |
| Overtime wages | 350 | 301 | 140 | 161 |
| Departmental expenses | 1,050 | 1,050 | 1,038 | 12 |
| Filming land records | 29,000 | 29,000 | 20,724 | 8,276 |
| Vital statistics | 400 | 449 | 422 | 27 |
| Total | 216,944 | 227,502 | 218,976 | 8,526 |
| Registrar of Voters: | | | | |
| Salaries | 42,028 | 40,028 | 37,626 | 2,402 |
| Departmental expenses | 2,700 | 3,039 | 3,039 | - |
| Election Day expense | 8,883 | 9,357 | 8,813 | 544 |
| Part-time wages - workers | 4,806 | 6,993 | 6,993 | - |
| Poll workers | 7,000 | 6,000 | 4,560 | 1,440 |
| Total | 65,417 | 65,417 | 61,031 | 4,386 |
| Planning Commission: | | | | |
| Part-time wages | 2,100 | 2,100 | 1,207 | 893 |
| Departmental expenses | 1,125 | 1,125 | 385 | 740 |
| Total | 3,225 | 3,225 | 1,592 | 1,633 |
| Economic Development: | | | | |
| Professional services | 1,550 | 1,550 | 395 | 1,155 |
| Departmental expenses | 10,000 | 10,000 | 1,811 | 8,189 |
| Part-time wages | 1,800 | 1,800 | 825 | 975 |
| Downtown Merch Supp | 5,000 | 5,000 | 5,000 | - |
| Total | 18,350 | 18,350 | 8,031 | 10,319 |
| Board of Finance: | | | | |
| Part-time wages | 1,600 | 1,600 | 1,078 | 522 |
| Departmental expenses | 50 | 50 | - | 50 |
| Total | 1,650 | 1,650 | 1,078 | 572 |

(Continued)

Required Supplementary Information - Unaudited
Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
Actual - General Fund (Continued)
For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|-------------------------------------|-----------------|----------------|------------------------------|---|
| Finance Department: | | | | |
| Salaries | \$ 339,967 | \$ 334,938 | \$ 334,938 | \$ - |
| Part-time wages | 4,736 | 232 | 231 | 1 |
| Contracted services | 14,985 | 26,783 | 26,320 | 463 |
| Bank account fees | 2,500 | 2,500 | 14 | 2,486 |
| Departmental expenses | 4,800 | 4,800 | 4,024 | 776 |
| Total | 366,988 | 369,253 | 365,527 | 3,726 |
| Tax Collector: | | | | |
| Salaries | 159,941 | 147,941 | 128,888 | 19,053 |
| Part-time wages | 4,500 | 4,500 | 822 | 3,678 |
| Departmental expenses | 2,585 | 3,585 | 3,385 | 200 |
| Tax refunds | 4,000 | 3,000 | 2,235 | 765 |
| Overtime wages | 700 | 700 | 452 | 248 |
| Contracted services | 15,400 | 15,400 | 12,585 | 2,815 |
| Total | 187,126 | 175,126 | 148,367 | 26,759 |
| Salaries | 185,090 | 185,090 | 185,089 | 1 |
| Part-time wages | 400 | 400 | - | 400 |
| Overtime wages | 300 | 300 | 119 | 181 |
| Contracted services | 22,170 | 19,970 | 19,152 | 818 |
| Departmental expenses | 5,697 | 5,697 | 5,695 | 2 |
| Total | 213,657 | 211,457 | 210,055 | 1,402 |
| Developer Planner: | | | | |
| Salaries | 131,444 | 131,444 | 131,442 | 2 |
| Departmental expenses | 985 | 985 | 941 | 44 |
| Total | 132,429 | 132,429 | 132,383 | 46 |
| Development Compliance: | | | | |
| Salaries | 95,135 | 95,135 | 93,709 | 1,426 |
| Departmental expenses | 1,100 | 1,100 | 961 | 139 |
| Total | 96,235 | 96,235 | 94,670 | 1,565 |
| Board of Assessment Appeals: | | | | |
| Departmental expenses | 250 | 250 | 20 | 230 |
| Part-time wages | 1,500 | 1,500 | 948 | 552 |
| Total | 1,750 | 1,750 | 968 | 782 |

(Continued)

Required Supplementary Information - Unaudited
Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
Actual - General Fund (Continued)
For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|-----------------|----------------|------------------------------|---|
| Zoning Board of Appeals: | | | | |
| Part-time wages | \$ 1,200 | \$ 1,200 | \$ 450 | \$ 750 |
| Departmental expenses | 335 | 335 | 195 | 140 |
| Total | 1,535 | 1,535 | 645 | 890 |
| Inland and Wetlands: | | | | |
| Professional Services | - | - | - | - |
| Part-time wages | 1,425 | 1,425 | 907 | 518 |
| Departmental expenses | 985 | 985 | 300 | 685 |
| Contracted Services | - | - | - | - |
| Total | 2,410 | 2,410 | 1,207 | 1,203 |
| Commission to Support People with Disabilities: | | | | |
| Departmental expenses | 400 | 400 | - | 400 |
| Total | 400 | 400 | - | 400 |
| Conservation Commission: | | | | |
| Departmental expenses | 230 | 230 | 100 | 130 |
| Part-time wages | 1,200 | 1,200 | 325 | 875 |
| Total | 1,430 | 1,430 | 425 | 1,005 |
| Central Services: | | | | |
| Legal notices | 11,000 | 11,000 | 7,085 | 3,915 |
| Office expense | 2,800 | 2,800 | 2,424 | 376 |
| Equipment maintenance | 500 | 500 | - | 500 |
| Duplicating cost | 18,000 | 14,500 | 14,476 | 24 |
| Postage | 41,000 | 36,000 | 30,726 | 5,274 |
| Computer system maintenance and support | 67,000 | 75,500 | 70,989 | 4,511 |
| Total | 140,300 | 140,300 | 125,700 | 14,600 |
| Insurance expense: | | | | |
| Package policy | 184,681 | 186,824 | 186,823 | 1 |
| Worker's compensation benefit payments | 22,037 | 21,933 | 21,898 | 35 |
| Workmen's compensation | 250,000 | 245,524 | 245,524 | - |
| Deductible | 15,000 | 14,292 | 14,292 | - |
| Town Clerk and Tax Collector liability | 2,732 | 3,067 | 3,067 | - |
| HR related expenses | 8,000 | 18,810 | 18,810 | - |
| Total | 482,450 | 490,450 | 490,414 | 36 |
| Town Council: | | | | |
| Certificate of Achievement | 525 | 525 | 505 | 20 |
| Audit & Endorsements | 29,325 | 29,325 | 29,325 | - |
| Part-time wages | 2,400 | 2,400 | 1,589 | 811 |
| Total | 32,250 | 32,250 | 31,419 | 831 |

(Continued)

Required Supplementary Information - Unaudited
 Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
 Actual - General Fund (Continued)
 For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---------------------------------------|------------------|------------------|------------------------------|---|
| Legal expense: | | | | |
| Town Attorney | \$ 80,000 | \$ 120,810 | \$ 119,963 | \$ 847 |
| Probate Court | 14,751 | 14,751 | 14,520 | 231 |
| Judgements | - | - | - | - |
| Labor relations | 50,000 | 28,022 | 28,022 | - |
| Evictions | 1,500 | 385 | 385 | - |
| Contracted services | 15,000 | 7,083 | 7,083 | - |
| Total | 161,251 | 171,051 | 169,973 | 1,078 |
| Employee benefits: | | | | |
| Education enhancement | 10,000 | 10,000 | 7,000 | 3,000 |
| Social Security | 604,146 | 604,146 | 564,407 | 39,739 |
| Health insurance | 1,500,000 | 1,384,887 | 1,331,433 | 53,454 |
| Pension | 859,785 | 859,915 | 859,914 | 1 |
| Wage adjustment | 15,000 | 11,258 | - | 11,258 |
| Unemployment Compensation | 10,000 | 17,000 | 16,260 | 740 |
| Life insurance | 16,456 | 16,456 | 15,980 | 476 |
| Dental plan insurance | 75,000 | 75,000 | 74,655 | 345 |
| Employee physicals | 1,400 | 1,459 | 1,458 | 1 |
| Sick leave incentive | 21,000 | 3,730 | - | 3,730 |
| Drug and alcohol testing | 1,800 | 1,800 | 1,050 | 750 |
| Shots, vaccines etc. | 200 | 3,105 | 1,628 | 1,477 |
| Employee assistance program | 3,200 | 3,200 | 3,148 | 52 |
| Long term disability insurance | 12,880 | 12,899 | 12,899 | - |
| Post retirement admin expense | 56,780 | 56,780 | 56,780 | - |
| Post retirement medical expense | 50,000 | 50,000 | 34,730 | 15,270 |
| Total | 3,237,647 | 3,111,635 | 2,981,342 | 130,293 |
| Other expenses: | | | | |
| Inventory | 2,500 | 2,145 | 1,170 | 975 |
| CT River Coastal Co | 2,072 | 2,072 | 2,072 | - |
| Ordinance expense | 3,000 | 3,355 | 3,355 | - |
| Midstate Regional Planning | 9,355 | 9,355 | 9,355 | - |
| Chamber of Commerce | 580 | 580 | 580 | - |
| Community Renewal Team | 2,500 | 2,500 | 2,500 | - |
| Contingency | 5,000 | 5,000 | - | 5,000 |
| Lease - parking Lot | 6,000 | 6,000 | 6,000 | - |
| Middletown Area Transit | 2,500 | 2,500 | 2,500 | - |
| Council of Small Towns (COST) | 925 | 925 | 925 | - |
| Capital Region Council of Governments | 952 | 964 | 964 | - |
| Rose Garden | 450 | 450 | - | 450 |
| CT Conference of Municipalities (CCM) | 8,486 | 8,486 | 8,485 | 1 |
| Total | 44,320 | 44,332 | 37,906 | 6,426 |
| Total general government | 5,707,142 | 5,497,053 | 5,277,296 | 219,757 |

(Continued)

Required Supplementary Information - Unaudited
 Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
 Actual - General Fund (Continued)
 For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---------------------------------------|------------------|------------------|------------------------------|---|
| Public Safety | | | | |
| Emergency Management: | | | | |
| Part-time wages | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ - |
| Equipment repair | 50 | 50 | - | 50 |
| Public Works Supplies | 5,000 | 5,000 | 2,449 | 2,551 |
| Departmental expenses | 2,900 | 2,900 | 1,575 | 1,325 |
| Total | 16,950 | 16,950 | 13,024 | 3,926 |
| Police Department: | | | | |
| Salaries | 2,492,363 | 2,482,633 | 2,439,514 | 43,119 |
| Part-time wages | 7,000 | 7,000 | 3,234 | 3,766 |
| Overtime wages | 323,340 | 338,077 | 327,953 | 10,124 |
| Holiday pay | 21,476 | 21,476 | 13,875 | 7,601 |
| Departmental expenses | 22,500 | 20,500 | 19,722 | 778 |
| Equipment maintenance and replacement | 7,000 | 13,640 | 9,170 | 4,470 |
| Vehicle maintenance | 27,000 | 22,000 | 18,208 | 3,792 |
| Gasoline and fluids | 80,000 | 80,000 | 52,656 | 27,344 |
| Uniforms | 39,000 | 44,000 | 43,141 | 859 |
| Telephone costs | 20,000 | 20,000 | 19,533 | 467 |
| Training/Workshops | 25,000 | 25,000 | 23,881 | 1,119 |
| Communications | 50,000 | 45,360 | 43,315 | 2,045 |
| Services rendered, towing | 4,500 | 4,500 | 3,568 | 932 |
| Investigation | 1,000 | 1,000 | 394 | 606 |
| Total | 3,120,179 | 3,125,186 | 3,018,164 | 107,022 |
| Animal Control: | | | | |
| Salary | 62,160 | 62,160 | 62,160 | - |
| Part-time wages | 7,000 | 7,000 | 6,659 | 341 |
| Miscellaneous | 50 | 50 | - | 50 |
| Overtime wages | 2,500 | 2,500 | 513 | 1,987 |
| Total | 71,710 | 71,710 | 69,332 | 2,378 |
| Total public safety | 3,208,839 | 3,213,846 | 3,100,520 | 113,326 |

(Continued)

Required Supplementary Information - Unaudited
 Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
 Actual - General Fund (Continued)
 For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|------------------------------|-----------------|----------------|------------------------------|---|
| Public Works | | | | |
| Public Works Administration: | | | | |
| Salaries | \$ 202,307 | \$ 195,420 | \$ 195,420 | \$ - |
| Departmental expenses | 9,500 | 18,357 | 17,843 | 514 |
| Other Capital Expenses | 2,500 | 3,465 | 3,465 | |
| Uniforms | 30,644 | 27,709 | 24,338 | 3,371 |
| Total | 244,951 | 244,951 | 241,066 | 3,885 |
| Engineering | | | | |
| Salaries | 159,364 | 154,364 | 151,457 | 2,907 |
| Departmental expenses | 18,350 | 18,350 | 18,270 | 80 |
| Capital expenses | - | - | - | - |
| Contracted services | 13,000 | 18,000 | 10,096 | 7,904 |
| Total | 190,714 | 190,714 | 179,823 | 10,891 |
| Building inspection: | | | | |
| Salaries | 200,219 | 203,839 | 203,839 | - |
| Departmental expenses | 3,500 | 3,500 | 3,312 | 188 |
| Capital expenses | - | - | - | - |
| Contract services | 1,000 | 1,000 | 50 | 950 |
| Part-time wages | 2,000 | 2,000 | 1,895 | 105 |
| Total | 206,719 | 210,339 | 209,096 | 1,243 |
| Public Work general expense: | | | | |
| Sewer use and assessments | 4,200 | 4,200 | 3,896 | 304 |
| Street lights | 190,000 | 190,000 | 185,862 | 4,138 |
| Telephone costs | 19,300 | 19,465 | 19,465 | - |
| Electricity | 150,000 | 149,835 | 136,971 | 12,864 |
| Water usage | 16,000 | 16,900 | 16,899 | 1 |
| Heating oil | 4,000 | 3,100 | 3,071 | 29 |
| Contract services | 16,500 | 16,500 | 2,268 | 14,232 |
| Natural gas | 50,000 | 50,000 | 42,152 | 7,848 |
| Total | 450,000 | 450,000 | 410,584 | 39,416 |

(Continued)

Required Supplementary Information - Unaudited
 Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
 Actual - General Fund (Continued)
 For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|------------------|------------------------------|---|
| Highway Department: | | | | |
| Salaries | \$ 572,170 | \$ 569,256 | \$ 569,255 | \$ 1 |
| Part-time wages | 5,000 | 7,382 | 7,382 | - |
| Overtime wages | 75,000 | 152,169 | 152,168 | 1 |
| Equipment maintenance | 5,000 | 4,721 | 4,584 | 137 |
| Gasoline and fuel | 70,000 | 64,340 | 64,340 | - |
| Supplies | 1,500 | 1,500 | 1,336 | 164 |
| Public Works Supplies | 230,000 | 233,020 | 233,020 | - |
| Signs | 10,000 | 5,422 | 5,422 | - |
| Tree work | 35,000 | 33,766 | 32,688 | 1,078 |
| Departmental expenses | 3,500 | 3,500 | 2,651 | 849 |
| Small equipment | 6,000 | 6,000 | 5,872 | 128 |
| Contracted services | 180,000 | 301,234 | 301,233 | 1 |
| Other Capital Expenses | 10,000 | 10,000 | 9,942 | 58 |
| Total | 1,203,170 | 1,392,310 | 1,389,893 | 2,417 |
| Building maintenance: | | | | |
| Salaries | 350,659 | 321,174 | 321,174 | - |
| Part-time wages | 7,500 | 3,889 | 3,889 | - |
| Overtime wages | 20,000 | 41,233 | 41,233 | - |
| Contract service | 78,450 | 114,519 | 114,309 | 210 |
| Supplies | 25,000 | 27,949 | 27,948 | 1 |
| Materials | 39,500 | 35,772 | 35,744 | 28 |
| Equipment maintenance | 12,000 | 5,402 | 5,401 | 1 |
| Small equipment replacement | 2,000 | 2,000 | 2,000 | - |
| Capital expenses | 19,000 | 19,000 | 19,000 | - |
| Total | 554,109 | 570,938 | 570,698 | 240 |
| Solid waste removal/Recycling Center: | | | | |
| Salaries | 65,397 | 65,397 | 65,396 | 1 |
| Part-time wages | 22,957 | 22,957 | 21,965 | 992 |
| Tipping fees | 225,000 | 199,000 | 196,396 | 2,604 |
| Materials | 2,800 | 2,000 | 1,600 | 400 |
| Contract services | 150,000 | 155,213 | 143,133 | 12,080 |
| Overtime wages | 7,500 | 7,500 | 7,168 | 332 |
| Departmental expenses | 1,500 | 900 | 305 | 595 |
| Equipment maintenance | 1,000 | 400 | 49 | 351 |
| Gasoline and fuel | 5,950 | 5,950 | 3,901 | 2,049 |
| Reimbursement program | 162,243 | 164,243 | 164,066 | 177 |
| Hazardous Waste Col | 8,850 | 8,850 | 6,458 | 2,392 |
| Other Capital Items | 2,500 | 2,288 | 2,288 | - |
| Total | 655,697 | 634,698 | 612,725 | 21,973 |

(Continued)

Required Supplementary Information - Unaudited
Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
Actual - General Fund (Continued)
For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|-------------------------------|------------------|------------------|------------------------------|---|
| Parks and grounds: | | | | |
| Salaries | \$ 215,571 | \$ 216,159 | \$ 216,159 | \$ - |
| Part-time wages | 25,000 | 26,912 | 26,640 | 272 |
| Overtime wages | 22,500 | 21,000 | 19,636 | 1,364 |
| Gasoline and fuel | 17,150 | 17,150 | 17,015 | 135 |
| Public Works Supplies | 19,000 | 16,485 | 16,340 | 145 |
| Contract services | 19,000 | 21,695 | 21,593 | 102 |
| Equip. repair/maintenance | 5,000 | 3,900 | 3,396 | 504 |
| Small equipment | 4,500 | 3,620 | 3,620 | - |
| Other Capital | 8,500 | 9,300 | 9,300 | - |
| Total | 336,221 | 336,221 | 333,699 | 2,522 |
| Vehicle Maintenance: | | | | |
| Salaries | 136,017 | 136,961 | 136,960 | 1 |
| Part-time wages | 7,460 | 7,764 | 7,764 | - |
| Overtime wages | 15,000 | 14,696 | 13,351 | 1,345 |
| Contracted services | 55,000 | 60,196 | 60,196 | - |
| Equipment maintenance | 80,000 | 74,941 | 74,507 | 434 |
| Departmental expense | 1,000 | 1,000 | 414 | 586 |
| Supplies | 500 | 640 | 462 | 178 |
| Materials | 1,000 | 1,000 | - | 1,000 |
| Gasoline and fuel | 29,410 | 29,270 | 21,803 | 7,467 |
| Small equipment | 3,000 | 3,000 | 1,107 | 1,893 |
| Capital Items | 6,000 | 5,863 | 5,863 | - |
| Total | 334,387 | 335,331 | 322,427 | 12,904 |
| Total public works | 4,175,968 | 4,365,502 | 4,270,011 | 95,491 |
| Culture and Recreation | | | | |
| Recreation Department: | | | | |
| Salaries | 160,758 | 162,311 | 162,310 | 1 |
| Part-time wages | 27,957 | 27,145 | 14,884 | 12,261 |
| Therapeutic Recreation | 15,000 | 17,405 | 17,404 | 1 |
| Contracted Services | 9,400 | 7,807 | 3,424 | 4,383 |
| Program subsidy | 37,225 | 37,225 | 37,225 | - |
| Equipment and supplies | 1,050 | 1,050 | - | 1,050 |
| Revenue/expense | - | - | - | - |
| Capital items | 13,000 | 13,000 | 6,775 | 6,225 |
| Departmental expenses | 6,000 | 6,000 | 3,330 | 2,670 |
| Total | 270,390 | 271,943 | 245,352 | 26,591 |
| Cromwell Historical Society | 8,000 | 18,000 | 18,000 | - |

(Continued)

Required Supplementary Information - Unaudited
 Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
 Actual - General Fund (Continued)
 For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---------------------------------------|-----------------|----------------|------------------------------|---|
| Belden Library: | | | | |
| Salaries | \$ 315,662 | \$ 318,599 | \$ 318,597 | \$ 2 |
| Part-time wages | 123,147 | 123,147 | 122,998 | 149 |
| Department expenses | 8,600 | 8,600 | 8,483 | 117 |
| Equipment maintenance | 850 | 850 | 832 | 18 |
| Duplicating costs | 900 | 900 | 893 | 7 |
| Program subsidies | 2,500 | 2,500 | 2,500 | - |
| Internet access | 1,000 | - | - | - |
| Contracted services | 35,000 | 35,000 | 34,999 | 1 |
| Operation and material | 65,000 | 326 | - | 326 |
| Adult Books & Materials | - | 2,774 | 2,773 | 1 |
| Children's Books & Materials | - | 11,434 | 11,433 | 1 |
| Adult Magazines | - | 6,903 | 6,902 | 1 |
| Young Adult Books & Magazines | - | 979 | 979 | - |
| Reference Books | - | 12,503 | 12,502 | 1 |
| Adult Popular Materials | - | 30,081 | 30,047 | 34 |
| Capital items | 1,500 | 2,500 | 2,500 | - |
| Total | 554,159 | 557,096 | 556,438 | 658 |
| Memorial Day | 2,500 | 2,500 | 2,500 | - |
| Total culture and recreation | 835,049 | 849,539 | 822,290 | 27,249 |
| Human Services | | | | |
| Health Department: | | | | |
| Salaries | 83,681 | 75,681 | 75,681 | - |
| Part-time wages | 14,291 | 14,911 | 14,428 | 483 |
| Mental Health Clinic | 2,500 | 2,500 | 2,500 | - |
| Departmental expenses | 2,900 | 2,900 | 2,334 | 566 |
| Public Health Nursing | 3,050 | 3,995 | 3,995 | - |
| Community Health Center | 1,300 | 1,300 | 1,300 | - |
| Rushford Center | 2,500 | 2,500 | 2,500 | - |
| Sexual Assault Crisis | 1,200 | 1,200 | 1,200 | - |
| Region 2 Board | 737 | 737 | 737 | - |
| Kuhn Center | 4,125 | 4,125 | 4,125 | - |
| Substance abuse council | 500 | 500 | 500 | - |
| Mosquito Control | 41,600 | 48,035 | 47,390 | 645 |
| Total | 158,384 | 158,384 | 156,690 | 1,694 |
| Human Services Administration: | | | | |
| Salaries | 93,604 | 94,346 | 94,345 | 1 |
| ADA Compliance | 250 | 250 | 137 | 113 |
| Departmental expenses | 1,200 | 1,200 | 1,200 | - |
| Emergency Basic Needs | 2,000 | 2,000 | 1,985 | 15 |
| EDDY Center | 1,000 | 1,000 | 1,000 | - |
| Total | 98,054 | 98,796 | 98,667 | 129 |

(Continued)

Required Supplementary Information - Unaudited
 Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
 Actual - General Fund (Continued)
 For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---------------------------------|-------------------|-------------------|------------------------------|---|
| Youth Services: | | | | |
| Salaries | \$ 73,731 | \$ 73,731 | \$ 73,731 | \$ - |
| Part-time wages | 17,909 | 17,909 | 13,018 | 4,891 |
| Departmental expenses | 2,740 | 3,040 | 2,809 | 231 |
| Program subsidy | 3,500 | 3,500 | 2,615 | 885 |
| Revenue/expense | 4,460 | 4,460 | 3,572 | 888 |
| General supplies | 2,500 | 2,200 | 1,589 | 611 |
| Total | 104,840 | 104,840 | 97,334 | 7,506 |
| Senior Services: | | | | |
| Salaries | 48,183 | 48,346 | 48,346 | - |
| Part-time wages | 13,540 | 15,185 | 15,184 | 1 |
| Department expenses | 2,800 | 2,800 | 2,613 | 187 |
| Program subsidies | 16,200 | 14,555 | 14,555 | - |
| Revenue/expense | 4,500 | 4,500 | 693 | 3,807 |
| Total | 85,223 | 85,386 | 81,391 | 3,995 |
| Transportation Services: | | | | |
| Salaries | 41,186 | 41,341 | 41,315 | 26 |
| Part-time wages | 48,681 | 48,681 | 33,618 | 15,063 |
| Overtime wages | 1,000 | 1,000 | 500 | 500 |
| Departmental expenses | 2,500 | 2,500 | 2,263 | 237 |
| Contract services | 350 | 350 | - | 350 |
| Vehicle maintenance | 4,000 | 4,000 | 3,250 | 750 |
| Gasoline and fuel | 19,950 | 19,950 | 15,376 | 4,574 |
| Total | 117,667 | 117,822 | 96,322 | 21,500 |
| Total human services | 564,168 | 565,228 | 530,404 | 34,824 |
| Education | | | | |
| Board of Education | 27,319,070 | 27,319,070 | 27,255,853 | 63,217 |
| Bonded Debt | | | | |
| Bonds - principal | 1,024,115 | 1,024,115 | 1,024,114 | 1 |
| Bonds - interest | 2,700,000 | 2,700,000 | 2,700,000 | - |
| Total debt services | 3,724,115 | 3,724,115 | 3,724,114 | 1 |
| Total expenditures | 45,534,351 | 45,534,353 | 44,980,488 | 553,865 |

(Continued)

Required Supplementary Information - Unaudited
Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and
Actual - General Fund (Continued)
For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|-----------------------------------|----------------------|----------------------|------------------------------|---|
| Other Financing Uses | | | | |
| Operating transfers out: | | | | |
| Dog Transfer Fund | \$ 13,024 | \$ 13,024 | \$ 13,024 | \$ - |
| Sidewalk Fund | 5,000 | 5,000 | 5,000 | - |
| Road Improvement Fund | 50,000 | 50,000 | 50,000 | - |
| Heart & Hypertension Fund | 50,000 | 50,000 | 50,000 | - |
| Capital Projects Funds | - | 377,997 | 377,997 | - |
| Total other financing uses | 118,024 | 496,021 | 496,021 | - |
| Total budgeted operations | \$ 45,652,375 | \$ 46,030,374 | 45,476,509 | \$ 553,865 |

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut "on-behalf" payments to the Connecticut State Teachers Retirement System for Town teachers are not budgeted 3,355,000

Reclassified to General Fund, as funds were previously reported as Special Revenue Fund, and no longer meet the definition in accordance with GASB 54 338,437

Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 49,169,946

See Notes to Required Supplementary Information

Required Supplementary Information - unaudited
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis -
Sewer Usage Fund
For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---------------------------------------|--------------------|--------------------|------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| User Charges | \$ 1,638,118 | \$ 1,638,118 | \$ 1,626,167 | \$ (11,951) |
| Income on investments | 3,000 | 3,000 | 2,810 | (190) |
| Other | - | - | 20 | 20 |
| Total revenues | 1,641,118 | 1,641,118 | 1,628,997 | (12,121) |
| Expenditures | | | | |
| Regular wages | \$389,599 | 391,031 | 391,031 | - |
| Part-time wages | 26,695 | 19,419 | 17,199 | 2,220 |
| Overtime wages | 53,323 | 59,823 | 59,823 | - |
| Department expenses | 27,000 | 27,000 | 17,656 | 9,344 |
| Outside services | 80,345 | 80,345 | 65,148 | 15,197 |
| Vehicle maintenance | 8,000 | 8,000 | 4,742 | 3,258 |
| Gasoline and fuel | 13,650 | 14,122 | 14,122 | - |
| Equipment repair and maintenance | 22,000 | 22,000 | 19,294 | 2,706 |
| Liability and property insurance | 44,000 | 44,000 | 36,379 | 7,621 |
| Materials and supplies | 25,000 | 25,000 | 21,943 | 3,057 |
| Utilities and oil | 34,400 | 34,400 | 31,305 | 3,095 |
| Payments for Sewer Treatment | 671,881 | 671,881 | 671,266 | 615 |
| Meter and pump station repairs | 25,000 | 25,000 | 20,135 | 4,865 |
| Prior year obligations | 2,500 | 2,500 | - | 2,500 |
| Damage claims | 100 | 100 | - | 100 |
| Employee benefits | 266,670 | 265,541 | 213,894 | 51,647 |
| Total expenditures | 1,690,163 | 1,690,162 | 1,583,937 | 106,225 |
| Other Financing Sources (Uses) | | | | |
| Transfer out | - | - | - | - |
| Net change in fund balances | \$ (49,045) | \$ (49,044) | 45,060 | \$ 94,104 |
| Fund Balance, Beginning of Year | | | 1,689,910 | |
| Fund Balance, End of Year | | | <u>\$ 1,734,970</u> | |

See Notes to Required Supplementary Information

Town of Cromwell, Connecticut

Note to Required Supplementary Information - Unaudited

Note 1. Budgets and Budgetary Accounting

Budgetary information: An annual budget is legally adopted for the General Fund. The budget is prepared on a budgetary basis.

An annual Town budget is adopted in accordance with Charter requirements. The First Selectman compiles the budget requests from the Town departments and agencies, with the exception of the Board of Education, and presents the budget to the Board of Selectmen. The Board of Selectmen reviews and deliberates on the budget and submits it for consideration to the Board of Finance. The Board of Education submits its budget estimates directly to the Board of Finance. The Finance Board, after its review process, presents a recommended budget for Town Meeting approval. The Town Charter provides the manner and timetable by which the budget process is initiated for approval by Town Meeting.

The legal level of control is on the department level for the General Fund. The Board of Finance by resolution and only upon the recommendation of a majority of the entire Board of Selectman may make supplemental appropriations not to exceed one percent of the total annual appropriation of the fiscal year. Additional appropriations of more than one percent require Town Meeting approval. Additional appropriations for the fiscal year amounted to approximately \$378,000.

The Town also establishes a legal budget on an annual basis for the Sewer Usage Fund, which is a major governmental fund, and the Dog Fund and the Sidewalk Fund. Legal level of control for these budgets is on the Fund level.

For budgetary purposes, encumbrances are recognized as a valid and proper charge against an appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year.

Unencumbered appropriations for the General Fund and the above Special Revenue Funds lapse at the end of the year.

Budgets for Special Revenue Funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies.

Legal authorization for Capital Projects expenditures is provided by specific appropriations, bond ordinances and/or intergovernmental grant agreements. Such appropriations do not lapse until the project is complete.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

**Supplemental Combining and Individual
Fund Financial Statements and Other Schedules**

General Fund

Town of Cromwell, Connecticut

Balance Sheet
General Fund
June 30, 2015

| | 2015 |
|--|----------------------|
| Assets | |
| Cash and cash equivalents | \$ 10,132,626 |
| Property taxes receivable, net | 615,034 |
| Accounts receivable | 228,545 |
| Due from other funds | 244,211 |
| Total assets | <u>\$ 11,220,416</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balance | |
| Liabilities: | |
| Accounts payable and accrued liabilities | \$ 1,456,538 |
| Due to other funds | 138,902 |
| Total liabilities | <u>1,595,440</u> |
| Deferred Inflows of Resources: | |
| Advance property tax collections | 277,669 |
| Unavailable revenues | 560,414 |
| Total deferred inflows of resources | <u>838,083</u> |
| Fund Balance: | |
| Committed | 1,005,793 |
| Assigned | 50,402 |
| Unassigned | 7,730,698 |
| Total fund balance | <u>8,786,893</u> |
| Total liabilities, deferred inflows and fund balance | <u>\$ 11,220,416</u> |

Town of Cromwell, Connecticut

Report of the Tax Collector

General Fund

For the Year Ended June 30, 2015

| Grand List Year | Uncollected Taxes July 1, 2014 | Lawful Corrections | | Transfers to Suspense | Adjusted Taxes Collected | Collections | Uncollected Taxes June 30, 2015 |
|--------------------|--------------------------------------|--------------------|-------------------|--------------------------|--------------------------------|----------------------|---------------------------------------|
| | | Additions | Deductions | | | | |
| 2013 | \$ 40,062,282 | 62,092 | 137,777 | 2,232 | \$ 39,984,365 | \$ 39,627,823 | \$ 356,542 |
| 2012 | 318,729 | 2,501 | 41,362 | 1,577 | 278,291 | 177,112 | 101,179 |
| 2011 | 76,169 | 388 | 1,086 | 361 | 75,110 | 32,418 | 42,692 |
| 2010 | 102,986 | 304 | 1,043 | 75,222 | 27,025 | 6,715 | 20,310 |
| 2009 | 78,645 | 33 | 521 | 75,571 | 2,586 | (1,331) | 3,917 |
| 2008 | 71,671 | 33 | 509 | 70,685 | 510 | 185 | 325 |
| 2007 | 68,827 | 33 | 510 | 68,350 | - | - | - |
| 2006 | 61,812 | 22 | 349 | 61,485 | - | - | - |
| 2005 | 62,109 | 22 | 392 | 61,781 | (42) | (41) | (1) |
| 2004 | 65,412 | 40 | 700 | 64,790 | (38) | (39) | 1 |
| 2003 | 57,564 | 20 | 324 | 57,259 | 1 | - | 1 |
| 2002 | 52,204 | 103 | 293 | 51,928 | 86 | 86 | - |
| 2001 | 18,630 | - | - | 18,630 | 1 | - | 1 |
| 2000 | 17,849 | - | - | 17,849 | - | - | - |
| 1999 | 16,884 | - | - | 16,884 | - | - | - |
| | <u>\$ 41,131,773</u> | <u>\$ 65,591</u> | <u>\$ 184,866</u> | <u>\$ 644,604</u> | <u>\$ 40,367,895</u> | <u>\$ 39,842,928</u> | <u>\$ 524,967</u> |

**Nonmajor
Governmental Funds**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes. The Special Revenue Funds utilize the modified accrual basis of accounting.

| Fund | Funding Source | Function |
|---------------------------------------|--|---|
| Town Aid Road | State grant | General town road maintenance |
| Youth Services Grant | State grant | Town's Youth Services Department |
| Town Improvement Program | State grant | Project or improvements as determined by the Board of Selectmen |
| Sidewalk Program | Town and voluntary contributions of citizens | Repairs and rebuilding of the present system and for the expansion of the system |
| Public Donations Grant | Donations | Various departments |
| Dog License | Licenses and fees | Animal control program |
| School Cafeteria | Sale of food and grants | School Lunch and breakfast programs |
| Educational Grants | State and Federal | Special education programs |
| Open Space | Funds from developers | Reserving open space or acquiring additional land for recreational or agricultural purposes |
| Picnic Facilities Revolving | Receipt of fees | Town's picnic facilities |
| Drug Awareness and Education | State and local grants | Accounts for various monies |
| Drug Asset Forfeiture | Federal program | Account for monies received from sale of assets acquired during drug related arrests |
| Police Heart and Hypertension Reserve | Town appropriation - committed | Expense for a police officer on this type of leave |
| River Landing Park | Court judgment | Park improvements |
| Public Health Emergency Prep | State grant | Emergency assistance |
| Recreation Revolving Fund | Fees | Fund costs for recreation programs |
| Field Maintenance | Fees | Maintenance fields |
| Police Communications Revolving Fund | Receipt of fees | Improvements to the police communication tower |
| Police Public Safety Grant | Grant | Public safety programs |
| Humanities Grant | Grant | Human services programs |

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes as categorized by the fund title. The Town's permanent funds include the Cemetery Trust Fund and Pitruzzello Scholarship Fund. The Cemetery Trust Fund accounts for the principal amounts bequeathed to the Town with the stipulation that only the interest thereon may be expended on the care and maintenance of the cemetery. The Pitruzzello Scholarship Fund accounts for the principal amounts bequeathed to the Town with the stipulation that only the interest thereon may be expended annually for two scholarships to the Cromwell High School graduating class.

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Town of Cromwell, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

| | Special Revenue Funds | | | | |
|--|-----------------------|----------------------------|--------------------------------|---------------------|------------------------------|
| | Town Aid Road | Youth Services Grant | Town Improvement Program | Sidewalk Program | Public Donations Grant |
| Assets | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 22,262 | \$ 51,748 | \$ 172,975 |
| Intergovernmental receivable | - | - | - | - | - |
| Inventory | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Total assets | \$ - | \$ - | \$ 22,262 | \$ 51,748 | \$ 172,975 |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - | - |
| Unearned revenue | - | - | - | 24,650 | - |
| Total liabilities | - | - | - | 24,650 | - |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | - | 22,262 | - | 172,975 |
| Committed | - | - | - | 27,098 | - |
| Total fund balance | - | - | 22,262 | 27,098 | 172,975 |
| Total liabilities and fund balances | \$ - | \$ - | \$ 22,262 | \$ 51,748 | \$ 172,975 |

Special Revenue Funds

| | Dog License | School Cafeteria | Educational Grants | Open Space | Picnic Facilities Revolving | Drug Awareness and Education | Drug Asset Forfeiture | Police Heart and Hypertension Reserve |
|-----------|---------------|-------------------|--------------------|-------------------|-----------------------------|------------------------------|-----------------------|---------------------------------------|
| \$ | 31,882 | \$ 107,540 | \$ 205,041 | \$ 458,961 | \$ 2,629 | \$ 6,843 | \$ 12,981 | \$ 110,485 |
| | - | 42,410 | - | - | - | - | - | - |
| | - | 29,002 | - | - | - | - | - | - |
| | - | - | 66,982 | - | - | - | - | - |
| \$ | 31,882 | \$ 178,952 | \$ 272,023 | \$ 458,961 | \$ 2,629 | \$ 6,843 | \$ 12,981 | \$ 110,485 |
| | | | | | | | | |
| \$ | 9,384 | \$ - | \$ 4,420 | \$ - | \$ - | \$ - | \$ - | \$ 5,910 |
| | - | - | 172,291 | - | - | - | - | - |
| | - | - | 95,312 | - | - | - | - | - |
| | 9,384 | - | 272,023 | - | - | - | - | 5,910 |
| | | | | | | | | |
| | - | 29,002 | - | - | - | - | - | - |
| | 22,498 | 149,950 | - | - | - | 6,843 | 12,981 | - |
| | - | - | - | 458,961 | 2,629 | - | - | 104,575 |
| | 22,498 | 178,952 | - | 458,961 | 2,629 | 6,843 | 12,981 | 104,575 |
| | | | | | | | | |
| \$ | 31,882 | \$ 178,952 | \$ 272,023 | \$ 458,961 | \$ 2,629 | \$ 6,843 | \$ 12,981 | \$ 110,485 |

(Continued)

Town of Cromwell, Connecticut

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2015

| | Special Revenue Funds | | | | |
|--|--------------------------|---------------------------------------|-------------------------|----------------------|---------------------------------------|
| | River Landing Park | Public Health Emergency Prep | Recreation Revolving | Field Maintenance | Police Communications Revolving |
| Assets | | | | | |
| Cash and cash equivalents | \$ 17,596 | \$ - | \$ 95,196 | \$ 1,715 | \$ 183,575 |
| Accounts receivable | - | 5,117 | 19,232 | - | - |
| Inventory | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Total assets | \$ 17,596 | \$ 5,117 | \$ 114,428 | \$ 1,715 | \$ 183,575 |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ 5,117 | \$ 16,031 | \$ - | \$ - |
| Due to other funds | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | - | 5,117 | 16,031 | - | - |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 17,596 | - | 98,397 | - | - |
| Committed | - | - | - | 1,715 | 183,575 |
| Total fund balance | 17,596 | - | 98,397 | 1,715 | 183,575 |
| Total liabilities and fund balances | \$ 17,596 | \$ 5,117 | \$ 114,428 | \$ 1,715 | \$ 183,575 |

| Special Revenue Funds | | | Permanent Fund | | Total Nonmajor Governmental Funds |
|----------------------------------|---------------------|---------------------|-------------------|----------------------------|--|
| Police Public Safety Grant | Humanities Grant | Total | Cemetery Trust | Pitruzzello Scholarship | |
| \$ 1,124 | \$ 8,764 | \$ 1,491,317 | \$ 10,077 | \$ 51,427 | \$ 1,552,821 |
| - | - | 66,759 | - | - | 66,759 |
| - | - | 29,002 | - | - | 29,002 |
| - | - | 66,982 | - | - | 66,982 |
| <u>\$ 1,124</u> | <u>\$ 8,764</u> | <u>\$ 1,654,060</u> | <u>\$ 10,077</u> | <u>\$ 51,427</u> | <u>\$ 1,715,564</u> |
| \$ - | \$ - | 40,862 | \$ - | \$ - | \$ 40,862 |
| - | - | 172,291 | - | 1,000 | 173,291 |
| - | - | 119,962 | - | - | 119,962 |
| - | - | 333,115 | - | 1,000 | 334,115 |
| - | - | 29,002 | 6,237 | 50,000 | 85,239 |
| 1,124 | 8,764 | 513,390 | 3,840 | 427 | 517,657 |
| - | - | 778,553 | - | - | 778,553 |
| <u>1,124</u> | <u>8,764</u> | <u>1,320,945</u> | <u>10,077</u> | <u>50,427</u> | <u>1,381,449</u> |
| <u>\$ 1,124</u> | <u>\$ 8,764</u> | <u>\$ 1,654,060</u> | <u>\$ 10,077</u> | <u>\$ 51,427</u> | <u>\$ 1,715,564</u> |

Town of Cromwell, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2015

| | Special Revenue Funds | | | | |
|---|-----------------------|----------------------|--------------------------|------------------|------------------------|
| | Town Aid Road | Youth Services Grant | Town Improvement Program | Sidewalk Program | Public Donations Grant |
| Revenues | | | | | |
| Intergovernmental revenues | \$ 277,817 | \$ 14,000 | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - |
| Income on investments | - | - | 66 | 74 | - |
| Miscellaneous | - | - | - | - | 52,472 |
| Total revenues | 277,817 | 14,000 | 66 | 74 | 52,472 |
| Expenditures | | | | | |
| Current: | | | | | |
| Public safety | - | - | - | - | 8,134 |
| Public works | - | - | - | 10,337 | - |
| Culture and recreation | - | - | - | - | 17,250 |
| Human services | - | - | - | - | 24,002 |
| Education | - | - | - | - | - |
| Capital outlay | - | - | 25,250 | - | - |
| Total expenditures | - | - | 25,250 | 10,337 | 49,386 |
| Revenues over (under) expenditures | 277,817 | 14,000 | (25,184) | (10,263) | 3,086 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | - | - | - | 5,000 | - |
| Transfers out | (277,817) | (14,000) | - | - | - |
| Total other financing sources (uses) | (277,817) | (14,000) | - | 5,000 | - |
| Net change in fund balances | - | - | (25,184) | (5,263) | 3,086 |
| Fund Balances, Beginning of Year | - | - | 47,446 | 32,361 | 169,889 |
| Fund Balances, End of Year | \$ - | \$ - | \$ 22,262 | \$ 27,098 | \$ 172,975 |

Special Revenue Funds

| Dog License | School Cafeteria | Educational Grants | Open Space | Picnic Facilities Revolving | Drug Awareness and Education | Drug Asset Forfeiture | Police Heart and Hypertension Reserve |
|-------------|------------------|--------------------|------------|-----------------------------|------------------------------|-----------------------|---------------------------------------|
| \$ - | \$ 293,826 | \$ 1,316,366 | \$ - | \$ - | 2,148 | \$ 5,842 | \$ - |
| 7,320 | 553,710 | - | 4,437 | - | - | - | - |
| 22 | - | - | 670 | - | - | 13 | 111 |
| - | - | - | - | 1,100 | - | - | - |
| 7,342 | 847,536 | 1,316,366 | 5,107 | 1,100 | 2,148 | 5,855 | 111 |
| 17,111 | - | - | - | - | - | - | 22,918 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 795,012 | 1,316,366 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 17,111 | 795,012 | 1,316,366 | - | - | - | - | 22,918 |
| (9,769) | 52,524 | - | 5,107 | 1,100 | 2,148 | 5,855 | (22,807) |
| 13,024 | - | - | - | - | - | - | 50,000 |
| - | - | - | - | - | - | - | - |
| 13,024 | - | - | - | - | - | - | 50,000 |
| 3,255 | 52,524 | - | 5,107 | 1,100 | 2,148 | 5,855 | 27,193 |
| 19,243 | 126,428 | - | 453,854 | 1,529 | 4,695 | 7,126 | 77,382 |
| \$ 22,498 | \$ 178,952 | \$ - | \$ 458,961 | \$ 2,629 | \$ 6,843 | \$ 12,981 | \$ 104,575 |

(Continued)

Town of Cromwell, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds
For the Year Ended June 30, 2015

| | Special Revenue Funds | | | | |
|---|--------------------------|---------------------------------------|-------------------------|----------------------|---------------------------------------|
| | River Landing Park | Public Health Emergency Prep | Recreation Revolving | Field Maintenance | Police Communications Revolving |
| Revenues | | | | | |
| Intergovernmental revenues | \$ - | \$ 30,380 | \$ - | \$ - | \$ - |
| Charges for services | - | - | 95,787 | - | - |
| Income on investments | 25 | - | - | - | 282 |
| Miscellaneous | - | - | 102,698 | 1,715 | - |
| Total revenues | 25 | 30,380 | 198,485 | 1,715 | 282 |
| Expenditures | | | | | |
| Current: | | | | | |
| Public safety | - | 30,380 | - | - | 36,457 |
| Public works | - | - | - | - | - |
| Culture and recreation | - | - | 131,588 | - | - |
| Human services | - | - | - | - | - |
| Education | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | - | 30,380 | 131,588 | - | 36,457 |
| Revenues over (under) expenditures | 25 | - | 66,897 | 1,715 | (36,175) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | - | - | 31,500 | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | - | - | 31,500 | - | - |
| Net change in fund balances | 25 | - | 98,397 | 1,715 | (36,175) |
| Fund Balances, Beginning of Year | 17,571 | - | - | - | 219,750 |
| Fund Balances, End of Year | \$ 17,596 | \$ - | \$ 98,397 | \$ 1,715 | \$ 183,575 |

| Special Revenue Funds | | | Permanent Funds | | Total Nonmajor Governmental Funds |
|----------------------------------|---------------------|--------------|-------------------|----------------------------|--|
| Police Public Safety Grant | Humanities Grant | Total | Cemetery Trust | Pitruzzello Scholarship | |
| \$ - | \$ 8,422 | \$ 1,948,801 | \$ - | \$ - | \$ 1,948,801 |
| - | - | 661,254 | - | - | 661,254 |
| - | - | 1,263 | 15 | 427 | 1,705 |
| - | - | 157,985 | - | - | 157,985 |
| - | 8,422 | 2,769,303 | 15 | 427 | 2,769,745 |
| - | - | 115,000 | - | - | 115,000 |
| - | - | 10,337 | - | - | 10,337 |
| - | - | 148,838 | - | - | 148,838 |
| - | 2,571 | 26,573 | - | - | 26,573 |
| - | - | 2,111,378 | - | - | 2,111,378 |
| - | - | 25,250 | - | - | 25,250 |
| - | 2,571 | 2,437,376 | - | - | 2,437,376 |
| - | 5,851 | 331,927 | 15 | 427 | 332,369 |
| - | - | 99,524 | - | - | 99,524 |
| - | - | (291,817) | - | - | (291,817) |
| - | - | (192,293) | - | - | (192,293) |
| - | 5,851 | 139,634 | 15 | 427 | 140,076 |
| 1,124 | 2,913 | 1,181,311 | 10,062 | 50,000 | 1,241,373 |
| \$ 1,124 | \$ 8,764 | \$ 1,320,945 | \$ 10,077 | \$ 50,427 | \$ 1,381,449 |

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Other Schedules

Town of Cromwell, Connecticut

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Public Donations Grant Fund
For the Year Ended June 30, 2015**

| | Balance July 1, 2014 | Revenues | Expenditures | Balance June 30, 2015 |
|----------------------------------|-------------------------|------------------|------------------|--------------------------|
| Library Donations | \$ 7,298 | \$ 7,043 | \$ 8,096 | \$ 6,245 |
| Senior Donations | 16,361 | 2,190 | 3,344 | 15,207 |
| Transportation | 5,473 | 2,785 | - | 8,258 |
| Designated Senior Center | 5,000 | - | - | 5,000 |
| Youth Services | 14,545 | 7,437 | 8,608 | 13,374 |
| Emergency Fuel | 1,050 | 2,107 | 909 | 2,248 |
| Park and Recreation | 25,070 | 7,641 | 7,364 | 25,347 |
| Handicapped Donations | 1 | - | - | 1 |
| Human Service Donations | 15,360 | 17,160 | 11,121 | 21,399 |
| Police Department | 10,070 | 2,636 | 3,820 | 8,886 |
| Carbon Monoxide Program | 4,185 | - | 20 | 4,165 |
| Riverport Festival | 4,834 | - | - | 4,834 |
| Operational fuel | 5 | - | - | 5 |
| CT Clean Energy | 3,645 | - | 3,205 | 440 |
| Rose Garden | 208 | - | - | 208 |
| Flag Fund | 2,482 | 250 | - | 2,732 |
| Charter Revision | 82 | - | - | 82 |
| Inland/Wetlands | 4,382 | - | - | 4,382 |
| Town Historic Preservation | 1,933 | - | - | 1,933 |
| Library Building | 500 | - | - | 500 |
| Dog Park | 1,746 | 2,968 | 1,109 | 3,605 |
| Economic Development | 300 | - | - | 300 |
| Valor Green Memorial | - | 255 | - | 255 |
| Library - Elizabeth Maselli Room | 45,361 | - | 1,790 | 43,571 |
| Total | \$ 169,891 | \$ 52,472 | \$ 49,386 | \$ 172,977 |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Sidewalk Fund

For the Year Ended June 30, 2015

| | Original Appropriation | Adjustments | Amended Appropriation | Expenditures | Uncommitted Balance |
|-----------------|---------------------------|-------------|--------------------------|--------------|------------------------|
| General Repairs | \$ 5,000 | \$ 5,699 | \$ 10,699 | \$ 10,337 | \$ 362 |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Dog License Fund

For the Year Ended June 30, 2015

| | Original Appropriation | Adjustments | Amended Appropriation | Expenditures | Uncommitted Balance |
|--------------------------------|---------------------------|-------------|--------------------------|------------------|------------------------|
| Office expense | \$ 1,200 | \$ - | \$ 1,200 | \$ 1,119 | \$ 81 |
| Training/workshops | 1,000 | 343 | 1,343 | 1,343 | - |
| Contract services | 11,124 | - | 11,124 | 8,090 | 3,034 |
| Vehicle maintenance | 1,500 | - | 1,500 | 300 | 1,200 |
| Fuel and fluids | 3,000 | (57) | 2,943 | 2,436 | 507 |
| Uniforms | 1,200 | - | 1,200 | 1,200 | - |
| Veterinarian fees | 4,000 | - | 4,000 | 2,062 | 1,938 |
| Equipment, purchase and repair | 1,000 | (286) | 714 | 561 | 153 |
| Total | \$ 24,024 | \$ - | \$ 24,024 | \$ 17,111 | \$ 6,913 |

Town of Cromwell, Connecticut

Schedule of Expenditures and Encumbrances Compared With Appropriations
 Capital Projects Fund
 For the Year Ended June 30, 2015

| | Appropriations | | | | Expenditures | | | | |
|---|-------------------------|-------------------|------------------------|--------------------------|-------------------------|---------------------|--------------------------|-------------------|---------------------|
| | Balance July 1, 2014 | Current Year | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | Balance June 30, 2015 | Encumbrances | Balance |
| Capital and Nonrecurring Expenditures | \$ 5,240,744 | \$ 455,580 | \$ (13,680) | \$ 5,682,644 | \$ 4,945,044 | \$ 413,622 | \$ 5,358,666 | \$ 47,566 | \$ 276,412 |
| Sewer Assessment | - | 57,800 | - | 57,800 | - | 27,918 | 27,918 | - | 29,882 |
| High School Building Project | 21,811,000 | - | (21,811,000) | - | 20,923,154 | - | - | - | - |
| LOCIP Projects | 1,719,818 | 249,447 | - | 1,969,265 | 1,718,334 | 55,972 | 1,774,306 | 99,028 | 95,931 |
| New 3-5 School Project | 28,214,000 | - | (28,214,000) | - | 27,768,533 | - | - | - | - |
| Sewer Capital and Nonrecurring Expenditures | 1,296,099 | 124,443 | (11,932) | 1,408,610 | 1,044,121 | 152,136 | 1,196,257 | 15,444 | 196,909 |
| Geer Street Improvements | 212,843 | - | (212,843) | - | 212,843 | - | - | - | - |
| State Bond Grant | 450,000 | - | - | 450,000 | 276,776 | - | 276,776 | - | 173,224 |
| CMS Asbestos Removal Fund | 754,288 | - | (754,288) | - | 754,288 | - | - | - | - |
| Roads Main Street Improvement Fund | 5,056,000 | - | - | 5,056,000 | 5,021,365 | 24,000 | 5,045,365 | - | 10,635 |
| School Security Fund | 1,151,000 | - | (1,151,000) | - | 1,150,999 | - | - | - | - |
| Park Improvement Fund | 710,000 | - | (710,000) | - | 710,000 | - | - | - | - |
| Downtown Historical Development | 450,000 | - | - | 450,000 | 322,456 | - | 322,456 | - | 127,544 |
| CMS Roof Replacement | 7,105,706 | - | (7,105,706) | - | 7,105,706 | - | - | - | - |
| 2010 Roads/Infrastructure | 3,046,000 | - | - | 3,046,000 | 3,038,155 | 7,845 | 3,046,000 | - | - |
| ARRA Grant | 187,950 | - | (187,950) | - | 187,950 | - | - | - | - |
| Public Safety Improvements | 1,085,000 | - | - | 1,085,000 | 946,971 | 72,297 | 1,019,268 | - | 65,732 |
| School Improvements | 781,000 | - | - | 781,000 | 147,870 | 546,060 | 693,930 | - | 87,070 |
| Town Infrastructure | 2,916,000 | - | - | 2,916,000 | 1,942,987 | 626,877 | 2,569,864 | - | 346,136 |
| Industrial Park Development Fund | 1,445,000 | - | - | 1,445,000 | 626,452 | 291,609 | 918,061 | - | 526,939 |
| Public Works Equipment | 475,000 | - | - | 475,000 | 403,168 | 800 | 403,968 | - | 71,032 |
| BOE - CNR | 193,760 | 39,317 | (22,212) | 210,865 | 116,054 | 73,994 | 190,048 | - | 20,817 |
| | <u>\$ 84,301,208</u> | <u>\$ 926,587</u> | <u>\$ (60,194,611)</u> | <u>\$ 25,033,184</u> | <u>\$ 79,363,226</u> | <u>\$ 2,293,130</u> | <u>\$ 22,842,883</u> | <u>\$ 162,038</u> | <u>\$ 2,028,263</u> |

Reconciliation to Prior Year Ending Balance
 for Expenditures

| | |
|--|----------------------|
| Ending Balance of Expenditures June 30, 2014 | \$ 79,443,326 |
| Adjustment for Sewer Assessment ending balance | (80,102) |
| Beginning Balance of Expenditures July 1, 2015 | <u>\$ 79,363,224</u> |

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Town of Cromwell, Connecticut

Schedule of Expenditures and Encumbrances Compared With Appropriations
 Capital and Nonrecurring Expenditure Fund
 For the Year Ended June 30, 2015

| | Appropriations | | | |
|--|-------------------------|-------------------|--------------------|--------------------------|
| | Balance July 1, 2014 | Current Year | Adjustments | Balance June 30, 2015 |
| CLOSED PROJECTS #77080-77150 | \$ 809,058 | \$ - | \$ - | \$ 809,058 |
| ENG/CONTROL POINTS SURVEY | 10,000 | - | (2,728) | 7,272 |
| CLOSED PROJECTS #77152-77155 | 277,768 | - | - | 277,768 |
| CLOSED PROJECTS #77156-77172 | 1,385,683 | - | - | 1,385,683 |
| CLOSED PROJECTS #77173-77175 | 55,876 | - | - | 55,876 |
| STORAGE BLDG FOR EQUIPMENT | 75,000 | - | - | 75,000 |
| CLOSED PROJECTS #77177-77190 | 528,357 | - | - | 528,357 |
| GIS & CONTROL POINTS 09/10 | 33,000 | - | (169) | 32,831 |
| CLOSED PROJECTS #77192-77194 | 169,059 | - | - | 169,059 |
| HOUSING ZONE REG GRANT | 20,000 | - | (9,600) | 10,400 |
| CLSED PROJECT #77196-77203 | 676,058 | - | - | 676,058 |
| FINANCE SERVER | 12,757 | - | - | 12,757 |
| 2012 REVALUATION | 240,000 | - | - | 240,000 |
| DUI GRANT 11/12 | 21,254 | - | - | 21,254 |
| TAX SOFTWARE | 40,000 | - | - | 40,000 |
| HANDICAP ACCESS VEHICLE | 60,000 | - | - | 60,000 |
| TOWN HALL FLOORING | 32,871 | - | - | 32,871 |
| POLICE MOBILE RADIOS | 30,000 | - | - | 30,000 |
| CRIME SCENE VEHICLE | 6,288 | - | - | 6,288 |
| POLICE VEHICLES 11/12 | 74,500 | - | - | 74,500 |
| PD COMPUTERS | 30,000 | - | - | 30,000 |
| GYM WALL MATS | 10,000 | - | - | 10,000 |
| MASON DUMP TRUCK W/PLOW | 51,032 | - | - | 51,032 |
| PICK-UP TRUCK W/FLOW | 33,476 | - | - | 33,476 |
| DUI GRANT 12/13 | 27,007 | - | - | 27,007 |
| POLICE VEHICLE (TOTALLED) | 43,000 | - | - | 43,000 |
| POLICE VEHICLE (TOTALLED) | 42,500 | - | - | 42,500 |
| POLICE VEHICLES 12-13 | 42,000 | - | - | 42,000 |
| BULLET-PROOF VESTS | 17,000 | - | (1,183) | 15,817 |
| FINGERPRINT MACHINE | 14,454 | - | - | 14,454 |
| ANIMAL CONTROL VAN | 30,600 | - | - | 30,600 |
| BRICK SEALING-TOWN HALL | 30,625 | - | - | 30,625 |
| BRICK SEALING-POLICE | 33,901 | - | - | 33,901 |
| PICK-UP TRUCK W/UTILITY BODY | 35,857 | - | - | 35,857 |
| AUDIO-VIDEO EQUIP-PD | 31,015 | - | - | 31,015 |
| POLICE VEHICLE (TOTALLED) | 42,000 | - | - | 42,000 |
| POLICE TASERS | 23,983 | - | - | 23,983 |
| POLICE VEHICLES 2013-2014 | 84,000 | - | - | 84,000 |
| BLDG IMPROV-PARKS GARAGE | 19,965 | - | - | 19,965 |
| DUI GRANT 13/14 | 40,800 | - | - | 40,800 |
| POLICE VEHICLES 2014-15 | - | 85,680 | - | 85,680 |
| LIBRARY TECHNOLOGY UPGRADES | - | 25,000 | - | 25,000 |
| DAM INSPECTION & MAINTENANCE | - | 30,000 | - | 30,000 |
| MASONRY RESTORATION - TWN HALL&PD | - | 50,000 | - | 50,000 |
| PARKS- 4X4 PICK-UP TRUCK | - | 41,000 | - | 41,000 |
| VEH. MAINT. - HEAVY TRUCK LIFT | - | 42,000 | - | 42,000 |
| TRANSP.-HANDICAP BUS (only if grant rec'd) | - | 65,000 | - | 65,000 |
| AIR/HVAC UPGRADES (PD) | - | 17,000 | - | 17,000 |
| DUI GRANT 14-15 | - | 45,100 | - | 45,100 |
| JAG GRANT 2015 | - | 22,000 | - | 22,000 |
| DISTRACTED DRIVER GRANT | - | 23,800 | - | 23,800 |
| BULLET-PROOF VESTS 2015 | - | 9,000 | - | 9,000 |
| Total | \$ 5,240,744 | \$ 455,580 | \$ (13,680) | \$ 5,682,644 |

| Expenditures | | | | | |
|---------------------|-------------------|---------------------|------------------|-------------------|--|
| Balance | Current | Balance | Encumbrances | Uncommitted | |
| July 1, 2014 | Year | June 30, 2015 | | Balance | |
| \$ 809,058 | \$ - | \$ 809,058 | \$ - | \$ - | |
| 7,272 | - | 7,272 | - | - | |
| 277,768 | - | 277,768 | - | - | |
| 1,385,683 | - | 1,385,683 | - | - | |
| 55,876 | - | 55,876 | - | - | |
| 73,523 | 1,477 | 75,000 | - | - | |
| 528,357 | - | 528,357 | - | - | |
| 32,831 | - | 32,831 | - | - | |
| 169,059 | - | 169,059 | - | - | |
| 10,400 | - | 10,400 | - | - | |
| 676,058 | - | 676,058 | - | - | |
| 12,757 | - | 12,757 | - | - | |
| 102,902 | 27,007 | 129,909 | 7,254 | 102,837 | |
| 21,254 | - | 21,254 | - | - | |
| 4,600 | - | 4,600 | 35,000 | 400 | |
| 60,000 | - | 60,000 | - | - | |
| 32,871 | - | 32,871 | - | - | |
| 30,000 | - | 30,000 | - | - | |
| 6,288 | - | 6,288 | - | - | |
| 73,603 | - | 73,603 | 572 | 325 | |
| 30,000 | - | 30,000 | - | - | |
| 10,000 | - | 10,000 | - | - | |
| 51,032 | - | 51,032 | - | - | |
| 33,476 | - | 33,476 | - | - | |
| 27,007 | - | 27,007 | - | - | |
| 42,801 | - | 42,801 | - | 199 | |
| 42,116 | - | 42,116 | - | 384 | |
| 41,376 | 506 | 41,882 | - | 118 | |
| 15,005 | 812 | 15,817 | - | - | |
| 14,454 | - | 14,454 | - | - | |
| 28,552 | 699 | 29,251 | 420 | 929 | |
| 30,625 | - | 30,625 | - | - | |
| 33,901 | - | 33,901 | - | - | |
| 35,857 | - | 35,857 | - | - | |
| 31,015 | - | 31,015 | - | - | |
| 41,706 | - | 41,706 | - | 294 | |
| 23,983 | - | 23,983 | - | - | |
| - | 74,662 | 74,662 | - | 9,338 | |
| 19,965 | - | 19,965 | - | - | |
| 22,013 | 5,295 | 27,308 | - | 13,492 | |
| - | 84,057 | 84,057 | - | 1,623 | |
| - | 2,701 | 2,701 | 4,320 | 17,979 | |
| - | 26,220 | 26,220 | - | 3,780 | |
| - | 48,843 | 48,843 | - | 1,157 | |
| - | 41,000 | 41,000 | - | - | |
| - | 41,608 | 41,608 | - | 392 | |
| - | - | - | - | 65,000 | |
| - | 15,730 | 15,730 | - | 1,270 | |
| - | 16,568 | 16,568 | - | 28,532 | |
| - | 16,275 | 16,275 | - | 5,725 | |
| - | 10,161 | 10,161 | - | 13,639 | |
| - | - | - | - | 9,000 | |
| \$ 4,945,044 | \$ 413,621 | \$ 5,358,665 | \$ 47,566 | \$ 276,413 | |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations
Sewer Assessment Fund
For the Year Ended June 30, 2015

| | Original Appropriation | Expenditures | Uncommitted Balance |
|---------------------|---------------------------|------------------|------------------------|
| Legal fees | \$ 10,000 | \$ 956 | \$ 9,044 |
| Construction | 40,000 | 23,425 | 16,575 |
| Postage | 400 | 200 | 200 |
| Legal Notices | 800 | 724 | 76 |
| Printing | 200 | - | 200 |
| Data Processing | 2,000 | 1,350 | 650 |
| Contracted Services | 4,300 | 1,263 | 3,037 |
| Prior Year Refunds | 100 | - | 100 |
| Total | \$ 57,800 | \$ 27,918 | \$ 29,882 |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations
 Local Capital Improvement Fund
 For the Year Ended June 30, 2015

| | Appropriations | | | Expenditures | | | Encumbrances | Uncommitted Balance |
|----------------------------------|-------------------------|-------------------|--------------------------|-------------------------|------------------|--------------------------|------------------|------------------------|
| | Balance July 1, 2014 | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | Balance June 30, 2015 | | |
| Coles Rd Phase I Improv - Constr | \$ 163,259 | \$ - | \$ 163,259 | \$ 163,259 | \$ - | \$ 163,259 | \$ - | \$ - |
| Christian Hill Rd Reconstruction | 82,264 | - | 82,264 | 82,264 | - | 82,264 | - | - |
| Christian Hill Bridge Reconstr. | 586,744 | - | 586,744 | 586,744 | - | 586,744 | - | - |
| Evergreen/Copperknoll Drainage | 383,364 | - | 383,364 | 383,364 | - | 383,364 | - | - |
| Coles Rd - Rights-of-Way | 42,996 | - | 42,996 | 42,996 | - | 42,996 | - | - |
| Willowbrook Road | 42,035 | - | 42,035 | 42,035 | - | 42,035 | - | - |
| Culvert Project | 230,000 | - | 230,000 | 230,000 | - | 230,000 | - | - |
| New Lane | 187,672 | 83,540 | 271,212 | 187,672 | - | 187,672 | - | 83,540 |
| Raymond Place | - | 45,000 | 45,000 | - | 33,750 | 33,750 | 11,250 | - |
| County Line Road #1 | - | 100,000 | 100,000 | - | 22,222 | 22,222 | 77,778 | - |
| County Line Road #2 | - | 22,273 | 22,273 | - | - | - | 10,000 | 12,273 |
| Total | \$ 1,718,334 | \$ 250,813 | \$ 1,969,147 | \$ 1,718,334 | \$ 55,972 | \$ 1,774,306 | \$ 99,028 | \$ 95,813 |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations
 State Bond Grant Projects
 For the Year Ended June 30, 2015

| | Appropriations | | | Expenditures | | | Encumbrances | Uncommitted Balance |
|--------------------------------|-------------------------|-------------|--------------------------|-------------------------|-----------------|--------------------------|--------------|------------------------|
| | Balance July 1, 2014 | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | Balance June 30, 2015 | | |
| Skate Board Park | \$ 67,000 | \$ - | \$ 67,000 | \$ 67,000 | \$ - | \$ 67,000 | \$ - | \$ - |
| Playground Equipment | 25,000 | - | 25,000 | 25,000 | - | 25,000 | - | - |
| Little League Concession Stand | 125,000 | - | 125,000 | 125,000 | - | 125,000 | - | - |
| Pierson Park Bleachers | 33,000 | - | 33,000 | 33,000 | - | 33,000 | - | - |
| Dead Man's Swamp | 200,000 | - | 200,000 | 26,776 | - | 26,776 | - | 173,224 |
| Total | \$ 450,000 | \$ - | \$ 450,000 | \$ 276,776 | \$ - | \$ 276,776 | \$ - | \$ 173,224 |

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
2010 Roads/Infrastructure Fund
For the Year Ended June 30, 2015**

| | Appropriations | | | Expenditures | | | Encumbered | Uncommitted Balance |
|------------------------------|-------------------------|-------------|--------------------------|-------------------------|-----------------|--------------------------|-------------|------------------------|
| | Balance July 1, 2014 | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | Balance June 30, 2015 | | |
| Legal and Financing Expenses | \$ 34,454 | \$ - | \$ 34,454 | \$ 34,454 | \$ - | \$ 34,454 | \$ - | \$ - |
| Project Planning & Design | - | - | - | - | - | - | - | - |
| General Repair | 284,187 | 66,681 | 350,868 | 350,868 | - | 350,868 | - | - |
| Construction | 1,238,366 | 2,700 | 1,241,066 | 1,241,066 | - | 1,241,066 | - | - |
| Construction Phase II | 1,488,993 | (69,381) | 1,419,612 | 1,411,766 | 7,846 | 1,419,612 | - | - |
| Total | \$ 3,046,000 | \$ - | \$ 3,046,000 | \$ 3,038,154 | \$ 7,846 | \$ 3,046,000 | \$ - | \$ - |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations
 2008 Road Bond Projects
 For the Year Ended June 30, 2015

| | Appropriations | | | Expenditures | | | Encumbered | Uncommitted Balance |
|------------------------------|-------------------------|-------------|--------------------------|-------------------------|------------------|--------------------------|-------------|------------------------|
| | Balance July 1, 2014 | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | Balance June 30, 2015 | | |
| Legal and Financing Expenses | \$ 25,000 | \$ - | \$ 25,000 | \$ 23,129 | \$ - | \$ 23,129 | \$ - | \$ 1,871 |
| Project Planning & Design | 846,084 | - | 846,084 | 845,777 | - | 845,777 | - | 307 |
| General Repair | 363,383 | - | 363,383 | 363,382 | - | 363,382 | - | 1 |
| Construction | 3,821,533 | - | 3,821,533 | 3,789,077 | 24,000 | 3,813,077 | - | 8,456 |
| Total | \$ 5,056,000 | \$ - | \$ 5,056,000 | \$ 5,021,365 | \$ 24,000 | \$ 5,045,365 | \$ - | \$ 10,635 |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations
 Sewer CNR Fund
 For the Year Ended June 30, 2015

| | Appropriations | | | Expenditures | | | Encumbered | Uncommitted Balance |
|--------------------------------|-------------------------|-------------------|--------------------------|-------------------------|-------------------|--------------------------|------------------|------------------------|
| | Balance July 1, 2014 | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | Balance June 30, 2015 | | |
| User Charge Study | \$ 16,500 | \$ - | \$ 16,500 | \$ 16,500 | \$ - | \$ 16,500 | \$ - | \$ - |
| Consulting - Pipeline | 8,950 | - | 8,950 | 8,950 | - | 8,950 | - | - |
| Sewer Benefit Assessment Study | 28,600 | - | 28,600 | 28,600 | - | 28,600 | - | - |
| Sewer Line Rehabilitation | 314,775 | - | 314,775 | 314,775 | - | 314,775 | - | - |
| Backhoe/Loader | 57,881 | - | 57,881 | 57,881 | - | 57,881 | - | - |
| Pickup Truck w/Plow | 37,839 | - | 37,839 | 37,839 | - | 37,839 | - | - |
| Video Camera on Tractor | 24,847 | - | 24,847 | 24,847 | - | 24,847 | - | - |
| Phase II Pipeline Rehab | 237,869 | - | 237,869 | 237,869 | - | 237,869 | - | - |
| Dump Truck w/Plow | 172,373 | - | 172,373 | 172,373 | - | 172,373 | - | - |
| Pickup Truck w/Plow | 40,620 | - | 40,620 | 40,620 | - | 40,620 | - | - |
| Garage Generator | 19,575 | - | 19,575 | 19,575 | - | 19,575 | - | - |
| Generator and Transfer Switch | 30,000 | (8,730) | 21,270 | 21,270 | - | 21,270 | - | - |
| Phase IV Pipeline Rehab | 300,000 | - | 300,000 | 63,022 | 15,895 | 78,917 | 15,443 | 205,640 |
| Pump Station Rehab | 15,000 | (3,202) | 11,798 | - | 11,798 | 11,798 | - | - |
| Excavator | - | 124,443 | 124,443 | - | 124,443 | 124,443 | - | - |
| Total | \$ 1,304,829 | \$ 112,511 | \$ 1,417,340 | \$ 1,044,121 | \$ 152,136 | \$ 1,196,257 | \$ 15,443 | \$ 205,640 |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations
 Public Safety Improvements
 For the Year Ended June 30, 2015

| | Appropriations | | | Expenditures | | | Encumbered | Uncommitted Balance |
|------------------------------|-------------------------|-------------|--------------------------|-------------------------|------------------|--------------------------|-------------|------------------------|
| | Balance July 1, 2014 | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | Balance June 30, 2015 | | |
| Legal and Financing Expenses | \$ 75,000 | \$ - | \$ 75,000 | \$ 10,028 | \$ - | \$ 10,028 | \$ - | \$ 64,972 |
| Police Communications System | 850,000 | - | 850,000 | 776,943 | 72,297 | 849,240 | - | 760 |
| Emergency Generator | 160,000 | - | 160,000 | 160,000 | - | 160,000 | - | - |
| Total | \$ 1,085,000 | \$ - | \$ 1,085,000 | \$ 946,971 | \$ 72,297 | \$ 1,019,268 | \$ - | \$ 65,732 |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Town Infrastructure

For the Year Ended June 30, 2015

| | Appropriations | | | Expenditures | | | Encumbered | Uncommitted Balance |
|------------------------------|-------------------------|-------------|--------------------------|-------------------------|-------------------|--------------------------|-------------|------------------------|
| | Balance July 1, 2014 | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | Balance June 30, 2015 | | |
| Legal and Financing Expenses | \$ 75,000 | \$ - | \$ 75,000 | \$ 27,837 | \$ - | \$ 27,837 | \$ - | \$ 47,163 |
| General Repairs | 140,000 | - | 140,000 | 20,127 | 5,240 | 25,367 | - | 114,633 |
| Construction/Project Costs | 1,500,000 | - | 1,500,000 | 714,706 | 619,987 | 1,334,693 | - | 165,307 |
| Purchase Option | 852,000 | - | 852,000 | 851,029 | - | 851,029 | - | 971 |
| Lighting/Air Handlers | 349,000 | - | 349,000 | 329,288 | 1,650 | 330,938 | - | 18,062 |
| Total | \$ 2,916,000 | \$ - | \$ 2,916,000 | \$ 1,942,987 | \$ 626,877 | \$ 2,569,864 | \$ - | \$ 346,136 |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

School Improvements

For the Year Ended June 30, 2015

| | Appropriations | | | Expenditures | | | Encumbered | Uncommitted Balance |
|------------------------------|-------------------------|-------------|--------------------------|-------------------------|-------------------|--------------------------|-------------|------------------------|
| | Balance July 1, 2014 | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | Balance June 30, 2015 | | |
| Legal and Financing Expenses | \$ 75,000 | \$ - | \$ 75,000 | \$ 6,591 | \$ - | \$ 6,591 | \$ - | \$ 68,409 |
| General Repairs | 200,000 | - | 200,000 | 15,254 | 167,575 | 182,829 | - | 17,171 |
| Construction/Project Costs | 506,000 | - | 506,000 | 126,025 | 378,485 | 504,510 | - | 1,490 |
| Total | \$ 781,000 | \$ - | \$ 781,000 | \$ 147,870 | \$ 546,060 | \$ 693,930 | \$ - | \$ 87,070 |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations
 Public Works Equipment
 For the Year Ended June 30, 2015

| | Appropriations | | | Expenditures | | | Encumbered | Uncommitted Balance |
|------------------------------|-------------------------|-------------|--------------------------|-------------------------|-----------------|--------------------------|-------------|------------------------|
| | Balance July 1, 2014 | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | Balance June 30, 2015 | | |
| Legal and Financing Expenses | \$ 75,000 | \$ - | \$ 75,000 | \$ 3,968 | \$ - | \$ 3,968 | \$ - | \$ 71,032 |
| Lighting/Air Handlers | 400,000 | | 400,000 | 399,200 | 800 | 400,000 | - | - |
| Total | \$ 475,000 | \$ - | \$ 475,000 | \$ 403,168 | \$ 800 | \$ 403,968 | \$ - | \$ 71,032 |

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations
 Capital and Nonrecurring BOE Expenditure Fund
 For the Year Ended June 30, 2015

| | Appropriations | | | Expenditures | | | Encumbered | Uncommitted Balance | |
|----------------------------|-------------------------|------------------|--------------------|--------------------------|-------------------------|------------------|-------------------|------------------------|--------------------------|
| | Balance July 1, 2014 | Current Year | Adjustments | Balance June 30, 2015 | Balance July 1, 2014 | Current Year | | | Balance June 30, 2015 |
| One to One Digital Devices | \$ 125,000 | \$ - | \$ (10,425) | \$ 114,575 | \$ 114,575 | \$ - | \$ 114,575 | \$ - | \$ - |
| Team Locker Room Expansion | 68,760 | - | (12,124) | 56,636 | 1,479 | 55,157 | 56,636 | - | - |
| CMS Staging & Curtains | | 18,500 | 337 | 18,837 | - | 18,837 | 18,837 | - | - |
| ECS Exhaust/Ventilation | | 20,817 | | 20,817 | - | - | - | - | 20,817 |
| Total | \$ 193,760 | \$ 39,317 | \$ (22,212) | \$ 210,865 | \$ 116,054 | \$ 73,994 | \$ 190,048 | \$ - | \$ 20,817 |

Fiduciary Funds

Agency Funds

Agency Funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations.

- The School Activity Fund is an agency fund established to receive student funds and other program funds to promote the education and activities of students.
- The Contractor Bond Fund is an agency fund established to receive cash bonds posted by contractors, developers and others.

Town of Cromwell, Connecticut

Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Fiscal Year Ended June 30, 2015

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 |
|------------------------------|-------------------------|---------------------|---------------------|--------------------------|
| Student Activity Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 272,254 | \$ 1,072,580 | \$ 1,048,809 | \$ 296,025 |
| Due from other funds | 1,000 | - | - | 1,000 |
| Total | \$ 273,254 | \$ 1,072,580 | \$ 1,048,809 | \$ 297,025 |
| Liabilities | | | | |
| Due to student groups | \$ 273,254 | \$ 1,072,580 | \$ 1,048,809 | \$ 297,025 |
| Contractor Bond Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 363,428 | \$ 104,150 | \$ 138,810 | \$ 328,768 |
| Liabilities | | | | |
| Deposits | \$ 363,428 | \$ 104,150 | \$ 138,810 | \$ 328,768 |
| Total All Funds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 635,682 | \$ 1,176,730 | \$ 1,187,619 | \$ 624,793 |
| Due from other funds | 1,000 | - | - | 1,000 |
| Total | \$ 636,682 | \$ 1,176,730 | \$ 1,187,619 | \$ 625,793 |
| Liabilities | | | | |
| Due to student groups | \$ 273,254 | \$ 1,072,580 | \$ 1,048,809 | \$ 297,025 |
| Deposits | 363,428 | 104,150 | 138,810 | 328,768 |
| | \$ 636,682 | \$ 1,176,730 | \$ 1,187,619 | \$ 625,793 |

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Statistical Section

Statistical Section - unaudited

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- Financial trends information is intended to assist users in understanding and assessing how financial position has changed over time.
- Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability to generate own-source revenues (property taxes, charges for services, etc.).
- Debt capacity information is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- Demographic and economic information is intended 1) to assist users in understanding the socioeconomic environment, and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- Operating information is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

Town of Cromwell, Connecticut

Net Position By Component
Last Ten Fiscal Years (unaudited)

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008* | 2007 | 2006 |
|---|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 90,158,279 | \$ 90,349,694 | \$ 91,271,301 | \$ 92,786,514 | \$ 90,389,434 | \$ 84,057,785 | \$ 79,977,008 | \$ 85,059,583 | \$ 82,378,615 | \$ 36,043,985 |
| Restricted | 60,504 | 60,062 | 59,330 | 59,279 | 10,018 | 9,995 | 9,963 | 9,818 | 9,435 | 8,578 |
| Unrestricted | 8,271,878 | 10,331,728 | 9,250,907 | 7,620,916 | 9,151,471 | 10,030,130 | 15,051,100 | 11,225,727 | 11,008,614 | 9,755,896 |
| Total governmental activities net position | \$ 98,490,661 | \$ 100,741,484 | \$ 100,581,538 | \$ 100,466,709 | \$ 99,550,923 | \$ 94,097,910 | \$ 95,038,071 | \$ 96,295,128 | \$ 93,396,664 | \$ 45,808,459 |

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
(2) The Town began to report retroactive infrastructure in accordance with GASB Statement No. 34 in fiscal year 2007.

*Restated

Table 2

Town of Cromwell, Connecticut

Changes In Net Position
Last Ten Fiscal Years (unaudited)

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| Expenses | | | | | | | | | | |
| General government | \$ 5,472,277 | \$ 5,557,370 | \$ 5,578,265 | \$ 5,018,686 | \$ 4,745,753 | \$ 4,811,384 | \$ 5,285,460 | \$ 4,562,542 | \$ 4,695,839 | \$ 4,615,416 |
| Public Safety | 3,584,653 | 3,484,220 | 3,451,918 | 3,346,263 | 3,266,290 | 3,279,017 | 3,408,597 | 3,260,989 | 3,013,542 | 2,797,759 |
| Public Works | 8,199,804 | 7,687,149 | 7,507,231 | 7,781,074 | 7,084,009 | 6,977,469 | 7,111,663 | 8,003,018 | 6,382,470 | 4,493,904 |
| Culture and Recreation | 1,015,493 | 1,001,837 | 1,018,166 | 1,015,892 | 980,589 | 943,176 | 953,776 | 891,399 | 834,362 | 826,518 |
| Human Services | 606,338 | 595,427 | 610,927 | 609,527 | 586,961 | 569,523 | 537,251 | 575,713 | 713,822 | 553,963 |
| Education | 34,400,356 | 33,609,091 | 32,074,662 | 31,961,198 | 31,258,609 | 31,361,305 | 29,777,145 | 34,619,609 | 26,229,542 | 24,560,513 |
| Interest on long-term debt | 881,704 | 948,731 | 1,164,077 | 1,275,276 | 1,377,511 | 1,360,078 | 1,328,827 | 1,112,299 | 1,172,456 | 1,239,540 |
| Total governmental activities expenses | 54,160,625 | 52,883,825 | 51,405,246 | 51,007,916 | 49,299,722 | 49,301,952 | 48,402,719 | 53,025,569 | 43,042,033 | 39,087,613 |
| Program Revenues | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 700,864 | 695,823 | 697,430 | 518,033 | 449,200 | 382,977 | 299,032 | 854,887 | 595,733 | 657,272 |
| Public Safety | 527,056 | 409,662 | 64,938 | 318,768 | 370,556 | 522,910 | 476,715 | 637,783 | 755,766 | 349,725 |
| Public Works | 2,049,278 | 1,800,683 | 2,327,371 | 1,837,469 | 1,750,064 | 1,405,812 | 1,156,948 | 1,462,064 | 1,559,931 | 1,795,900 |
| Culture and Recreation | 149,472 | 150,762 | 54,089 | 118,897 | 122,853 | 84,122 | 140,564 | 100,254 | 93,652 | 96,787 |
| Human Services | 7,633 | 10,859 | 5,186 | 7,679 | 5,779 | 23,530 | 11,173 | 20,251 | 21,066 | 20,331 |
| Education | 615,086 | 457,598 | 516,707 | 595,128 | 563,268 | 549,279 | 506,655 | 476,431 | 494,215 | 496,230 |
| Operating grants and contributions | 9,871,178 | 9,695,887 | 9,055,543 | 9,265,156 | 8,646,431 | 8,176,723 | 7,572,422 | 14,256,021 | 6,241,001 | 5,803,038 |
| Capital grants and contributions | 343,140 | 529,426 | 206,751 | 87,739 | 2,705,585 | 1,062,700 | 518,969 | 2,044,768 | 2,065,425 | 3,762,315 |
| Total governmental activities program revenues | 14,263,707 | 13,750,700 | 12,928,015 | 12,748,869 | 14,613,736 | 12,208,053 | 10,682,478 | 19,852,459 | 11,826,789 | 12,981,598 |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | (39,896,918) | (39,133,125) | (38,477,231) | (38,259,047) | (34,685,986) | (37,093,899) | (37,720,241) | (33,173,110) | (31,215,244) | (26,106,015) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | 40,220,941 | 38,905,611 | 38,233,934 | 37,080,402 | 36,897,559 | 35,599,902 | 35,450,949 | 32,944,028 | 32,518,744 | 29,915,084 |
| Grants and contributions not restricted to specific purposes | 242,913 | 244,792 | 230,094 | 384,656 | 246,964 | 269,056 | 392,954 | 492,989 | 545,691 | 473,611 |
| Unrestricted investment earnings | 45,660 | 46,556 | 38,321 | 34,986 | 71,930 | 42,838 | 291,346 | 747,671 | 968,895 | 772,028 |
| Other general revenues | 193,413 | 96,112 | 89,711 | 1,674,789 | 2,922,546 | 241,942 | 327,935 | 88,129 | 133,167 | 152,975 |
| Total general revenues and other changes in net position | 40,702,927 | 39,293,071 | 38,592,060 | 39,174,833 | 40,138,999 | 36,153,738 | 36,463,184 | 34,272,817 | 34,166,497 | 31,313,698 |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities | \$ 806,009 | \$ 159,946 | \$ 114,829 | \$ 915,786 | \$ 5,453,013 | \$ (940,161) | \$ (1,257,057) | \$ 1,099,707 | \$ 2,951,253 | \$ 5,207,683 |

Note: (1) Schedule prepared on the accrual basis of accounting.

Table 3

Town of Cromwell, Connecticut

Fund Balances, Governmental Funds
Last Ten Fiscal Years (unaudited)

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ 5,758 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | 1,005,793 | 161,500 | 51,000 | 70,000 | 37,600 | - | - | - | - | - |
| Assigned | 50,402 | 51,186 | 15,434 | 8,146 | 9,830 | - | - | - | - | - |
| Unassigned | 7,730,698 | 7,634,146 | 6,539,226 | 4,834,817 | 4,242,189 | - | - | - | - | - |
| Reserved | - | - | - | - | - | 24,160 | 408,567 | 670,645 | 604,962 | 220,011 |
| Unreserved | - | - | - | - | - | 4,197,025 | 4,853,401 | 5,068,728 | 3,955,418 | 3,211,369 |
| Total general fund | \$ 8,786,893 | \$ 7,846,832 | \$ 6,605,660 | \$ 4,918,721 | \$ 4,289,619 | \$ 4,221,185 | \$ 5,261,968 | \$ 5,739,373 | \$ 4,560,380 | \$ 3,431,380 |
| Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 85,239 | \$ 92,458 | \$ 95,162 | \$ 92,587 | \$ 45,464 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 2,841,738 | 4,072,626 | 6,056,630 | 3,859,611 | 4,295,655 | - | - | - | - | - |
| Committed | 2,891,600 | 2,912,762 | 2,718,022 | 2,700,839 | 3,306,672 | - | - | - | - | - |
| Assigned | 1,478,962 | 1,516,291 | 1,659,841 | 1,616,171 | 1,595,934 | - | - | - | - | - |
| Unassigned | - | - | (153,504) | (213,923) | - | - | - | - | - | - |
| Reserved | - | - | - | - | - | 2,629,299 | 717,840 | 462,226 | 826,846 | 1,025,991 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | 2,744,475 | 2,763,546 | 2,992,104 | 3,041,958 | 2,692,299 |
| Capital projects funds | - | - | - | - | - | 8,935,275 | 7,285,469 | 8,401,776 | 2,052,553 | 2,150,483 |
| Total all other governmental funds | \$ 7,297,539 | \$ 8,594,137 | \$ 10,376,151 | \$ 8,055,285 | \$ 9,243,725 | \$ 14,309,049 | \$ 10,766,855 | \$ 11,856,106 | \$ 5,921,357 | \$ 5,868,773 |

Note: Schedule prepared on the modified accrual basis of accounting

Town of Cromwell, Connecticut

Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years (unaudited)

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Property taxes | \$ 39,967,103 | \$ 38,862,600 | \$ 38,277,712 | \$ 37,357,669 | \$ 36,823,715 | \$ 35,645,513 | \$ 35,388,867 | \$ 33,037,472 | \$ 32,427,042 | \$ 30,080,756 |
| Intergovernmental | 10,628,891 | 10,509,748 | 9,523,609 | 9,945,197 | 10,959,068 | 9,533,487 | 8,459,337 | 16,106,891 | 7,046,083 | 10,049,130 |
| Charges for services | 3,562,034 | 3,088,594 | 3,261,535 | 3,096,675 | 3,143,438 | 3,012,535 | 3,245,874 | 2,710,909 | 2,963,789 | 3,353,875 |
| Income on investments | 45,660 | 46,556 | 38,335 | 34,986 | 71,930 | 42,838 | 291,346 | 747,671 | 968,895 | 772,028 |
| Miscellaneous | 483,111 | 508,603 | 490,742 | 972,120 | 817,179 | 241,942 | 327,935 | 698,318 | 525,207 | 342,385 |
| Total revenues | 54,686,799 | 53,016,101 | 51,591,933 | 51,406,647 | 51,815,330 | 48,476,315 | 47,713,359 | 53,301,261 | 43,931,016 | 44,598,174 |
| Expenditures: | | | | | | | | | | |
| General government | 5,277,296 | 5,225,911 | 5,187,874 | 5,063,775 | 4,911,295 | 4,674,278 | 4,683,572 | 4,399,214 | 4,366,962 | 4,406,214 |
| Public Safety | 3,548,071 | 3,321,403 | 3,319,469 | 3,153,617 | 3,052,028 | 3,087,717 | 3,155,691 | 3,004,349 | 2,814,468 | 2,652,078 |
| Public Works | 5,874,665 | 5,402,073 | 5,303,360 | 5,640,953 | 5,111,350 | 5,049,682 | 5,156,629 | 5,710,333 | 4,473,302 | 4,419,490 |
| Culture and Recreation | 939,627 | 932,059 | 941,065 | 938,222 | 897,512 | 880,079 | 884,401 | 865,790 | 837,541 | 768,616 |
| Human Services | 556,978 | 546,442 | 565,727 | 549,850 | 546,407 | 508,953 | 507,753 | 546,047 | 502,107 | 544,579 |
| Education | 32,722,230 | 31,672,231 | 30,328,029 | 30,460,100 | 29,616,635 | 29,389,356 | 28,299,582 | 33,903,173 | 25,338,328 | 23,277,163 |
| Debt Services: | | | | | | | | | | |
| Principal | 2,700,000 | 2,165,000 | 2,570,000 | 2,590,000 | 2,703,589 | 2,566,147 | 2,480,000 | 2,065,000 | 2,070,000 | 2,255,000 |
| Interest | 1,024,114 | 1,101,877 | 2,053,521 | 1,318,438 | 1,485,189 | 1,209,630 | 1,262,537 | 1,070,897 | 1,147,284 | 1,214,634 |
| Capital Outlay | 2,408,200 | 3,189,947 | 2,431,475 | 2,251,030 | 8,488,214 | 5,574,413 | 3,701,700 | 1,351,682 | 1,199,440 | 10,147,743 |
| Total expenditures | 55,051,181 | 53,556,943 | 52,700,520 | 51,965,985 | 56,812,219 | 52,940,255 | 50,131,865 | 52,916,485 | 42,749,432 | 49,685,517 |
| Excess of revenue over (under) expenditures | (364,382) | (540,842) | (1,108,587) | (559,338) | (4,996,889) | (4,463,940) | (2,418,506) | 384,776 | 1,181,584 | (5,087,343) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 850,726 | 1,455,919 | 564,388 | 1,026,429 | 1,522,014 | 1,645,662 | 1,640,559 | 2,070,601 | 1,802,375 | 1,313,301 |
| Transfers out | (850,726) | (1,455,919) | (564,388) | (1,026,429) | (1,522,014) | (1,645,662) | (1,640,559) | (2,070,601) | (1,802,375) | (1,313,301) |
| Proceeds from sale of bonds | - | - | 14,075,000 | - | - | 6,730,000 | - | 6,728,966 | - | - |
| Premium on bonds | - | - | 1,933,149 | - | - | 235,350 | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | (10,891,758) | - | - | - | - | - | - | - |
| Capital leased issued | - | - | - | - | - | - | 1,051,850 | - | - | - |
| Total other financing sources (uses) | - | - | 5,116,391 | - | - | 6,965,350 | 1,051,850 | 6,728,966 | - | - |
| Net change in fund balance | \$ (364,382) | \$ (540,842) | \$ 4,007,804 | \$ (559,338) | \$ (4,996,889) | \$ 2,501,410 | \$ (1,366,656) | \$ 7,113,742 | \$ 1,181,584 | \$ (5,087,343) |
| Debt Service as a Percentage of Noncapital Expenditures | 7.07% | 6.49% | 9.20% | 7.86% | 8.67% | 7.97% | 8.06% | 6.08% | 7.74% | 8.78% |

Note: Schedule prepared on the modified accrual basis of accounting

Table 5

Town of Cromwell, Connecticut

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (unaudited)**

| Fiscal Year | Real Property | | | Personal Property | Motor Vehicle | Less Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Taxable Assessed Value As a Percentage of Actual Taxable value |
|-------------|----------------|----------------|----------------|-------------------|----------------|--------------------------|------------------------------|-----------------------|--------------------------------|--|
| | Residential | Commercial | Industrial | | | | | | | |
| 2015 | \$ 859,849,100 | \$ 187,606,180 | \$ 122,403,310 | \$ 91,992,430 | \$ 108,712,650 | \$ 98,711,015 | \$ 1,271,852,655 | 31.18 | \$ 1,816,932,364 | 70.00% |
| 2014 | 855,174,540 | 185,381,618 | 122,244,440 | 85,231,700 | 106,322,210 | 97,046,655 | 1,257,307,853 | 30.75 | 1,796,154,076 | 70.00% |
| 2013 | 988,568,681 | 212,238,580 | 134,511,819 | 80,652,960 | 105,985,220 | 110,139,555 | 1,411,817,705 | 27.06 | 2,016,882,436 | 70.00% |
| 2012 | 979,848,650 | 210,697,220 | 133,948,310 | 77,960,740 | 99,133,353 | 109,326,488 | 1,392,261,785 | 26.80 | 1,988,945,407 | 70.00% |
| 2011 | 968,599,140 | 213,545,750 | 133,498,360 | 74,082,420 | 95,397,097 | 107,479,838 | 1,377,642,929 | 26.84 | 1,968,061,327 | 70.00% |
| 2010 | 968,542,060 | 202,408,170 | 132,414,570 | 70,375,760 | 94,041,439 | 106,859,314 | 1,360,922,685 | 26.16 | 1,944,175,264 | 70.00% |
| 2009 | 944,635,890 | 200,866,770 | 146,837,660 | 67,170,530 | 97,246,781 | 105,522,818 | 1,351,234,813 | 26.21 | 1,930,335,447 | 70.00% |
| 2008 | 731,664,379 | 141,127,660 | 106,908,960 | 63,958,910 | 94,701,141 | 89,118,346 | 1,049,242,704 | 31.14 | 1,498,918,149 | 70.00% |
| 2007 | 716,773,690 | 139,994,380 | 101,649,340 | 60,273,720 | 93,504,635 | 85,918,830 | 1,026,276,935 | 31.29 | 1,466,109,907 | 70.00% |
| 2006 | 708,454,630 | 136,519,980 | 104,890,420 | 55,836,730 | 87,332,370 | 88,657,180 | 1,004,376,950 | 29.60 | 1,434,824,214 | 70.00% |

Source: Town of Cromwell Office of Tax Assessor

Note: (1) Assessed value is 70% of actual value.

Table 6**Town of Cromwell, Connecticut****Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years (unaudited)
(rate per \$1,000 of assessed value)**

| Fiscal Year | Operating Millage | Debt Service Millage | School Millage | Total Town Millage | Overlapping Rates Fire District | Total Direct & Overlapping Rates |
|-------------|-------------------|----------------------|----------------|--------------------|---------------------------------|----------------------------------|
| 2015 | 9.98 | 2.54 | 18.66 | 31.18 | 2.10 | 33.28 |
| 2014 | 10.09 | 2.23 | 18.42 | 30.75 | 2.10 | 32.85 |
| 2013 | 8.70 | 2.31 | 16.05 | 27.06 | 1.89 | 28.95 |
| 2012 | 8.52 | 2.40 | 15.88 | 26.80 | 1.89 | 28.69 |
| 2011 | 8.45 | 2.62 | 15.76 | 26.83 | 1.80 | 28.63 |
| 2010 | 7.79 | 2.73 | 15.64 | 26.16 | 1.80 | 27.96 |
| 2009 | 8.14 | 2.82 | 15.25 | 26.21 | 1.80 | 28.01 |
| 2008 | 9.71 | 2.93 | 18.50 | 31.14 | 2.10 | 33.24 |
| 2007 | 9.38 | 3.05 | 18.86 | 31.29 | 2.10 | 33.39 |
| 2006 | 8.88 | 3.37 | 17.35 | 29.60 | 1.90 | 31.50 |

Source:

Note 1: The Mattabasset District is funded by the Sewer Usage Fund for the annual operation and maintenance portion of their budget.

Note 2: Revaluation occurred in 2007 and 2012, impacting the mill rates for fiscal years 2009 and 2014.

Note 3: This schedule was broken out to display components of the total direct rate starting 2010.

Table 7

Town of Cromwell, Connecticut

**Principal Property Taxpayers
Current Year and Nine Years Ago (unaudited)**

| Taxpayers | 2015 | | | 2006 | | |
|--|--|------|---|--|------|---|
| | Taxable Assessed Value as of October 1, 2013 | Rank | Percentage of Total Town Taxable Assessed Value | Taxable Assessed Value as of October 1, 2004 | Rank | Percentage of Total Town Taxable Assessed Value |
| Covenant Home Inc. | \$ 22,515,060 | 1 | 1.77% | \$ - | - | - |
| Covenant Home Inc. (Covenant Village) | - | - | - | 12,199,260 | 1 | 1.21% |
| Algonquin Gas Trans Co. | 11,018,790 | 2 | 0.87% | 9,239,760 | 2 | 0.92% |
| Infinity Cromwell Properties (Wal-Mart) | 10,469,170 | 3 | 0.82% | 7,036,810 | 8 | 0.70% |
| Connecticut Light & Power | 8,773,650 | 4 | 0.69% | 8,522,960 | 3 | 0.85% |
| Shaner Hotel Group Properties (Radisson) | 8,058,560 | 5 | 0.63% | 8,783,240 | 4 | 0.87% |
| Main Street Equity | 7,734,250 | 6 | 0.61% | - | - | - |
| IRNM Fee Cromwell LLC | 7,121,090 | 7 | 0.56% | - | - | - |
| R A Cromwell, LLC | 6,388,980 | 8 | 0.50% | 6,020,000 | 7 | 0.60% |
| Cromwell Square Partners, Ltd. | 6,256,240 | 9 | 0.49% | 6,141,240 | 6 | 0.61% |
| Sabra Health Care Northeast LLC | 6,148,310 | 10 | 0.48% | - | - | - |
| Lehigh Cromwell LLC | - | - | - | 5,336,700 | 8 | 0.53% |
| Champion Skating Center, Inc. | - | - | - | 5,120,940 | 9 | 0.51% |
| Shunpike West Limited Partnership | - | - | - | 4,909,690 | 10 | 0.49% |
| | <u>\$ 94,484,100</u> | | <u>7.43%</u> | <u>\$ 73,310,600</u> | | <u>7.29%</u> |

Source: Town of Cromwell Assessor's Office.

Table 8

Town of Cromwell, Connecticut

**Property Tax Levies and Collections
Last Ten Fiscal Years (unaudited)**

| Fiscal Year Ended June 30, | Tax Rate in Mills | Taxes Levied for This Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collection in Subsequent Years | Total Collections to Date | |
|----------------------------------|----------------------|---|---|-----------------------|--------------------------------------|---------------------------|-----------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2015 | 31.18 | \$ 39,984,367 | \$ 39,681,046 | 99.24% | \$ - | \$ 39,681,046 | 99.24% |
| 2014 | 30.75 | \$ 38,809,552 | \$ 38,491,271 | 99.18% | \$ 179,956 | \$ 38,491,271 | 99.18% |
| 2013 | 27.06 | \$ 38,242,374 | \$ 37,862,390 | 99.01% | \$ 291,997 | \$ 38,154,387 | 99.77% |
| 2012 | 26.80 | \$ 37,316,375 | \$ 36,967,505 | 99.07% | \$ 226,979 | \$ 37,194,484 | 99.67% |
| 2011 | 26.84 | \$ 36,870,036 | \$ 36,484,059 | 98.95% | \$ 296,954 | \$ 36,781,013 | 99.76% |
| 2010 | 26.16 | \$ 35,490,099 | \$ 35,217,856 | 99.23% | \$ 163,782 | \$ 35,381,638 | 99.69% |
| 2009 | 26.21 | \$ 35,337,213 | \$ 35,011,177 | 99.08% | \$ 229,356 | \$ 35,240,533 | 99.73% |
| 2008 | 31.14 | \$ 32,893,111 | \$ 32,669,608 | 99.32% | \$ 131,330 | \$ 32,800,938 | 99.72% |
| 2007 | 31.29 | \$ 32,363,161 | \$ 32,070,032 | 99.09% | \$ 195,964 | \$ 32,265,996 | 99.70% |
| 2006 | 29.60 | \$ 29,968,290 | \$ 29,719,320 | 99.17% | \$ 142,940 | \$ 29,862,260 | 99.65% |

Source: Tax Collector's Report: Comprehensive annual financial report

*The numbers above have been revised from prior years to accurately reflect the collection in subsequent years.

Table 9

Town of Cromwell, Connecticut

Ratios of Outstanding Debt By Type
Last Ten Fiscal Years (unaudited)

| Fiscal Year | General Obligation Bonds | Capital Leases | Total Primary Government | Percentage of Actual Property Value | Percentage of Personal Income | Debt Per Capita |
|-------------|--------------------------------|-------------------|--------------------------------|---|-------------------------------------|-----------------------|
| 2015 | \$ 25,502,134 | \$ - | \$ 25,502,134 | 1.40% | 4.71% | 1,812 |
| 2014 | 26,320,000 | - | 26,320,000 | 1.47% | 4.29% | 1,872 |
| 2013 | 28,485,000 | - | 28,485,000 | 1.41% | 4.70% | 2,018 |
| 2012 | 27,625,000 | 889,864 | 28,514,864 | 1.43% | 4.58% | 1,982 |
| 2011 | 30,215,000 | 946,243 | 31,161,243 | 1.58% | 4.89% | 2,163 |
| 2010 | 32,980,000 | 1,000,204 | 32,980,000 | 1.70% | 6.38% | 2,378 |
| 2009 | 28,660,000 | 1,051,850 | 28,660,000 | 1.48% | 5.61% | 2,081 |
| 2008 | 31,150,000 | - | 31,150,000 | 2.08% | 6.20% | 2,275 |
| 2007 | 26,535,000 | - | 26,535,000 | 1.81% | 6.03% | 1,938 |
| 2006 | 28,605,000 | - | 28,605,000 | 1.99% | 6.62% | 2,113 |

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

Table 10

Town of Cromwell, Connecticut

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2015 (unaudited)**

| Governmental Unit | Debt Outstanding | Percentage Applicable | Estimated Shares of Direct and Overlapping Debt |
|-------------------------|---------------------|--------------------------|--|
| Overlapping debt: | | | |
| Cromwell Fire District* | \$ 5,300,000 | 100% | \$ 5,300,000 |
| Mattabassett* | 5,562,766 | 100% | 5,562,766 |
| Total overlapping debt | 10,862,766 | | 10,862,766 |
| Town direct debt | 25,502,134 | | 25,502,134 |
| Total | | | \$ 36,364,900 |

*The \$5,300,000 represents the outstanding general obligation bonds for the Fire District as of June 30, 2015. These bonds are retired from General Fund appropriations which are primarily financed from taxation. They are included as overlapping debt with the Town as they will impact the same tax base as the Town's debt. As well, the Mattabassett District incurred debt through a DEEP Clean Water Fund (CWF) Loan for the design of a Nitrogen Upgrade. As a member of the Mattabassett District, the Town of Cromwell is assessed a pro-rata share of the debt which is included as overlapping debt in the amount of \$5,562,766 as of June 30, 2015.

Table 11

Town of Cromwell, Connecticut

Schedule of Debt Limitation
June 30, 2015 (unaudited)

| Total tax collections (including fire district) | | | | | | <u>\$ 42,873,361</u> |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | General Purpose | Schools | Sewers | Urban Renewal | Pension Deficit | |
| Debt Limitation | | | | | | |
| 2-1/4 times base | \$ 96,465,062 | \$ - | \$ - | \$ - | \$ - | - |
| 4-1/2 times base | - | 192,930,125 | - | - | - | - |
| 3-3/4 times base | - | - | 160,775,104 | - | - | - |
| 3-1/4 times base | - | - | - | 139,338,423 | - | - |
| 3 times base | - | - | - | - | 128,620,083 | - |
| Total debt limitation | <u>96,465,062</u> | <u>192,930,125</u> | <u>160,775,104</u> | <u>139,338,423</u> | <u>128,620,083</u> | <u>-</u> |
| Indebtedness | | | | | | |
| Long-term debt | | | | | | |
| outstanding | 9,632,400 | 13,987,600 | - | - | - | - |
| Overlapping debt | 5,300,000 | - | 5,562,766 | - | - | - |
| Bonds authorized and unissued | - | - | - | - | - | - |
| | 4,309,000 | 1,063,324 | - | - | - | - |
| Total Indebtedness | <u>19,241,400</u> | <u>15,050,924</u> | <u>5,562,766</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Deductions | | | | | | |
| School Building | | | | | | |
| Grants receivable | - | - | - | - | - | - |
| Net indebtedness | <u>19,241,400</u> | <u>15,050,924</u> | <u>5,562,766</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Debt limitation in excess of indebtedness | <u>\$ 77,223,662</u> | <u>\$ 177,879,201</u> | <u>\$ 155,212,338</u> | <u>\$ 139,338,423</u> | <u>\$ 128,620,083</u> | <u>-</u> |

Note 1: In no case shall total indebtedness exceed \$300,113,527 or seven times annual receipts from taxation.

Table 12

Town of Cromwell, Connecticut

Legal Debt Margin Information
Last Ten Fiscal Years (unaudited)

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Debt Limitation | \$ 300,113,527 | \$ 291,022,753 | \$ 286,559,168 | \$ 281,084,951 | \$ 275,077,180 | \$ 266,833,357 | \$ 264,235,650 | \$ 247,204,692 | \$ 240,950,647 | \$ 244,113,967 |
| Total Net Debt Applicable to Limit | 39,855,090 | 40,104,676 | 40,486,360 | 32,602,147 | 37,208,816 | 40,083,816 | 47,200,370 | 49,405,181 | 42,277,117 | 43,979,156 |
| Legal debt margin | 260,258,437 | 250,918,077 | 246,072,808 | 248,482,804 | 237,868,364 | 226,749,541 | 217,035,280 | 197,799,511 | 198,673,530 | 200,134,811 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 13.28% | 13.78% | 14.13% | 11.60% | 13.53% | 15.02% | 17.86% | 19.99% | 17.55% | 18.02% |

Note: See Table 11 for calculation of current year debt limitation

Table 13

Town of Cromwell, Connecticut

**Demographic and Economic Statistics
Last Ten Calendar Years (unaudited)**

| Calendar Year | Population (1) | Per Capita Income (2) | Personal Income | Median Household Income (2) | Median Age (2) | School Enrollment (3) | Unemployment Rate (4) |
|---------------|----------------|-----------------------|-----------------|-----------------------------|----------------|-----------------------|-----------------------|
| 2015 | 14,076 | \$ 38,463 | \$ 541,405,188 | \$ 80,134 | 44 | 1,982 | 4.5% |
| 2014 | 14,059 | 43,611 | 613,127,049 | 80,134 | 44 | 1,969 | 5.6% |
| 2013 | 14,116 | 42,900 | 605,576,400 | 81,718 | 43 | 1,971 | 6.7% |
| 2012 | 13,940 | 43,249 | 602,891,060 | 83,670 | 45 | 1,992 | 6.8% |
| 2011 | 13,968 | 44,206 | 617,469,408 | 73,665 | 44 | 2,018 | 7.3% |
| 2010 | 13,869 | 37,265 | 516,828,285 | 75,773 | 44 | 2,043 | 8.1% |
| 2009 | 13,775 | 37,059 | 510,487,725 | 74,891 | 43 | 2,024 | 6.7% |
| 2008 | 13,693 | 36,689 | 502,382,477 | 73,365 | 43 | 2,020 | 4.8% |
| 2007 | 13,690 | 32,153 | 440,174,570 | 68,914 | 43 | 2,004 | 4.2% |
| 2006 | 13,540 | 31,928 | 432,305,120 | 66,670 | * | 2,019 | 4.5% |
| 2005 | 13,508 | 31,704 | 428,257,632 | 64,772 | 42 | 1,940 | 4.2% |

* Information not available or attainable.

(1) Source: State of Connecticut Health Department, except 2013 and 2014 which is a CERC estimate.

(2) Source: State of Connecticut Fiscal Indicators - CERC (estimate used for 2005 and 2006)

(3) Source: Superintendent of Schools

(4) Source: Connecticut Labor Department

Table 14

Town of Cromwell, Connecticut

Principal Employers
Current Year and Nine Years Ago (unaudited)

| Employer | Nature of Business | 2015 | | | 2006 | | |
|--|-------------------------------|-----------|------|-------------------------------------|-----------|------|-------------------------------------|
| | | Employees | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| Wal-Mart | Department Store | 320 | 1 | 4.14% | 220 | 3 | 2.98% |
| Adelbrook Behavioral & Developmental Scs. (formerly The Children's Home) | Residential School | 300 | 2 | 3.88% | 175 | 7 | 2.37% |
| Covenant Village | Retirement Village | 250 | 3 | 3.24% | 235 | 2 | 3.18% |
| Stop & Shop | Supermarket | 245 | 4 | 3.17% | 55 | 1 | 0.74% |
| Cromwell Growers | Landscaping/Florist | 195 | 5 | 2.52% | N/A | N/A | N/A |
| Haven Health Center | Convalescent Home | 164 | 6 | 2.12% | 160 | 9 | 2.17% |
| Safe Home Security | Home Security | 150 | 7 | 1.94% | N/A | N/A | N/A |
| Aerospace Techniques/GKN | Aircraft Parts | 145 | 8 | 1.88% | N/A | N/A | N/A |
| Lowe's | Home Supply Store | 130 | 9 | 1.68% | N/A | N/A | N/A |
| Cromwell Crown Plaza Hotel & Conference Center | Hotel/Conference Center | 116 | 10 | 1.50% | 195 | 5 | 2.64% |
| Apria Healthcare | Healthcare/Medical Equipment | N/A | N/A | N/A | 200 | 4 | 2.71% |
| Millane Nurseries | Nurseries | N/A | N/A | N/A | 150 | 10 | 2.03% |
| Seagroatt Wholesale Florist | Florist/Supplies/Manufacturer | N/A | N/A | N/A | 170 | 8 | 2.30% |
| K-Mart | Department Store | N/A | N/A | N/A | 185 | 6 | 2.50% |

Source: Town of Cromwell, Town Planner

Table 15

Town of Cromwell, Connecticut

**Full-Time Equivalent Town Government Employees By Function/Program
Last Ten Fiscal Years (unaudited)**

| Function/Program | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Government | 37 | 36 | 36 | 35 | 35 | 35 | 35 | 35 | 35 | 36 |
| Police | 38 | 36 | 36 | 36 | 36 | 36 | 35 | 35 | 34 | 32 |
| Fire | 10 | 11 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 4 |
| Refuse Collection | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Other Public Works | 30 | 31 | 31 | 32 | 32 | 32 | 32 | 31 | 31 | 31 |
| Parks and Recreation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Library | 5 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 18 |
| Education | 304 | 306 | 311 | 313 | 310 | 317 | 316 | 315 | 315 | 315 |
| Total | 427 | 441 | 444 | 446 | 443 | 450 | 448 | 446 | 445 | 440 |

Source: Cromwell Town and Board of Education Payroll Records

Table 16

Town of Cromwell, Connecticut

**Operating Indicators By Function/Program
Last Ten Fiscal Years (unaudited)**

| Function/Program | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--------------------------------|--------|---------|--------|---------|---------|---------|---------|---------|---------|--------|
| General government: (1) | | | | | | | | | | |
| Building permits issued | 855 | 853 | 916 | 930 | 785 | 666 | 689 | 729 | 813 | 746 |
| Building inspections conducted | | | | | | | | | | |
| Police: (2) | | | | | | | | | | |
| Physical arrests | 428 | 492 | 399 | 428 | 443 | 437 | 478 | 806 | 525 | 573 |
| Parking violations | 141 | 113 | 61 | 104 | 144 | 246 | 202 | 222 | 291 | 336 |
| Traffic violations | 782 | 901 | 570 | 558 | 601 | 481 | 540 | 1647 | 514 | 546 |
| Other public works: (3) | | | | | | | | | | |
| Street resurfacing (miles) | 1.93 | 2.73 | 2.00 | 1.73 | 6.00 | 1.68 | 1.80 | 0.93 | 0.33 | 5.73 |
| Potholes repaired | * | * | * | * | * | * | * | * | * | * |
| Parks and recreation: | | | | | | | | | | |
| Athletic field permits issued | * | * | * | * | * | * | * | * | * | * |
| Library: (4) | | | | | | | | | | |
| Volumes in collection | 83,765 | 83,647 | 83,423 | 82,536 | 81,990 | 80,120 | 78,557 | 78,581 | 77,418 | 74,364 |
| Total volumes borrowed | 99,986 | 101,772 | 99,038 | 105,223 | 105,252 | 102,003 | 105,019 | 108,674 | 100,711 | 99,354 |

Source: (1) Town of Cromwell Building Inspector
(2) Town of Cromwell Police Department Records (per calendar year)
(3) Town of Cromwell Public Works Department (per calendar year)
(4) Town of Cromwell Librarian
Notes: * Information is not available.

Table 17

Town of Cromwell, Connecticut

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (unaudited)

| Function/Program | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----------------------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| Police: (1) | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Zone offices | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Patrol units | 16 | 15 | 15 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Other public works: (2) | | | | | | | | | | |
| Streets (miles) | 56.7 | 56.7 | 56.35 | 56.35 | 56 | 54.79 | 54.79 | 54.79 | 54 | 53.22 |
| Highways (miles) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Streetlights** | 1208 | 1166 | 1164 | 1163 | 1153 | 1153 | 1153 | 1153 | 1152 | 1146 |
| Traffic signals** | 21 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 14 |
| Parks and Recreation (3) | | | | | | | | | | |
| Acreage*** | 200 | 200 | 156.9 | 156.9 | 156.9 | 156.9 | 156.9 | 156.4 | 156.4 | 156.4 |
| Playgrounds | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Baseball/softball diamonds | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Soccer/football fields | 14 | 14 | 10 | 10 | 10 | 10 | 12 | 12 | 12 | 12 |
| Community centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Source: (1) Town of Cromwell Police Department Records
(2) Town of Cromwell Public Works Department
(3) Town of Cromwell Recreation Department

Notes: * Information is not available.

** Street lights and traffic signals are not owned by the Town.

***Acreage does not include any fields that are maintained by the Board of Education.

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